FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 28,273 Friday September 19 1980 ***25p

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 28; DENMARK Kr 5.00; FRANCE Fr 4; GERMANY DM 2.0; ITALY L 800; NETHERLANDS Fl 2.0; NORWAY Kr 5.00; PORTUGAL Esc 45; SPAIN Pta 70; SWEDEN Kr 5.00; SWITZERLAND Fr 2.0; EIRE 25p; MALTA 20c

NEWS SUMMARY

GENERAL

Iraqis claim border success

Iraq yesterday said it had shot down an Iranian jet fighter and repulsed armoured and artillery attacks, in what seems to be a worsening of their bitter border dispute.

Iraqis said an Iranian tank attack in the Maysan region had been driven back, and denied Iranian claims that an ammunition supply train had been blown up.

In Tehran, Iran's Majlis (Parliament) postponed setting up a commission on the U.S. hostages, in order to hear a secret report on the fighting. The Government has not commented on Iraq's formal repudiation on Tuesday of the 1975 border agreement. Back Page; West threatened, Page 3

Polish unions

Poland's independent trade unions have attracted 3m members since Poles won the right to set them up last month, workers' leaders said.

Violence warning

Prospects for the unemployed are at their worst since the 1930s and could lead to violence in the streets, said the Supplementary Benefits Commission's final report. Page 9

Turkish oath

Turkey's military commanders swore themselves in as the country's rulers, but dropped from the oath a promise to restore power to a new Parliament. Page 2

Autonomy hopes

Spanish Prime Minister Adolfo Suarez adopted a more conciliatory line towards demands for regional autonomy, and was rewarded with Andalusian support in a parliamentary confidence motion.

Fewer Jews leave

New bureaucratic practices have drastically reduced the rate of Soviet Jewish emigration, long a barometer of U.S.-Soviet relations. Page 2

Refund check

European Parliament took steps to ensure it could monitor the $1.67bn (£699m) budgetary refund Britain won from the EEC in May.

Israeli attacks

Israeli seaborne commandos attacked Palestinian bases in southern Lebanon for the second time in 20 days. It was described as a routine operation to keep the guerrillas on the defensive.

'Criminals hired'

Prison officers demanded an inquiry into Home Office vetting procedures after their conference was told men with criminal records were being trained as officers.

BBC vote today

Union members at the BBC will today consider a back-to-work formula in the inter-union dispute which has halted preparation of several series.

Getting the pip

British European Parliament members interrupted a debate on world hunger to hand out English apples in protest at "unfair" competition from French Golden Delicious.

Briefly . . .

Search resumed for British freighter Derbyshire, feared sunk off Okinawa.

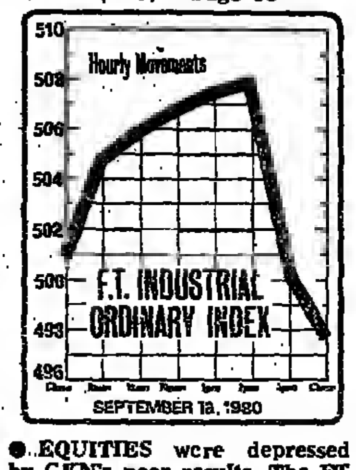
Ark Royal's last trip, to the shipbreakers, was delayed by high winds.

Western Sahara guerrillas said they killed hundreds of Moroccan soldiers in a 16-hour battle.

BUSINESS

Dollar firm; Equities off 3.1

● DOLLAR was firm, helped by improved Eurodollar rates and an easing of some European interest rates. It closed at DM 1.7915 (DM 1.7810) and Y212.90 (Y211.90). Its index rose to 83.6 (83.3). STERLING closed 75 points down at $2.3850, though its index rose to 75.6 (75.5). Page 38



● EQUITIES were depressed by GKN's poor results. The FT 30-share index closed 3.1 down at 497.7. Page 40

● GILTS faltered after early optimism, but the Government Securities index nevertheless gained 0.58 to close at 71.19. Page 40

● GOLD fell $3 in London to $672.5. Page 28

● WALL STREET was down 4.26 to 957 near the close. Page 31

● U.S. DUTIES on British wool imports will be increased from January 1 unless EEC quotas on U.S. synthetic fibres are lifted by then, President Carter said. Back Page

● AUSTRALIAN trade delegation ended talks with European Commission officials saying "satisfactory understanding" had been reached, though sanctions against the EEC would remain in force until the understandings were implemented. Back Page

● PROCTER AND GAMBLE, leading U.S. consumer products company, faces U.S. Government allegations that its Rely brand tampons may have caused the deaths of several women. Page 29

● BUNDESBANK reduced West Germany's Lombard rate from 9.5 per cent to 9 per cent. Page 2

● CONSETT steelworks' prospective buyers left a meeting with Mr. Ian McGregor, British Steel's chairman, saying they were "very optimistic." Back Page; BSC announced the first stages of decentralisation, Page 6

● INVESTMENT by manufacturing industry fell by 5 per cent in the first half compared with the final six months of 1979. Page 6

● LIVERPOOL Daily Post and Echo is to present a major economies package to its unions on Monday in a bid to keep the Daily Post open. Page 7; Results, Page 28

● INSURANCE companies and private-sector pension funds increased holdings in overseas equities by more than £200m in the second quarter. Page 7

● OIL PRODUCT DEMAND fell by 14 per cent in the first six months of the year against the first half of last, according to Institute of Petroleum figures. Page 7

● VOLKSWAGEN, West Germany's largest motor group, reported profits down by 28 per cent in the first half of 1980, from DM 300m to DM 216m (£50.58m). Page 29

● FOKKER, the Dutch aerospace group, reports first-half net profits of Fl 4.8m (£1.03m), equalling its results for the whole of last year. Page 30

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Treas. 12¾pc 1992	£99¼	+ 1
Treas. 13¼pc 04-08	£103¼	+ ⅞
Assed. Newspaper	273	+ 8
BICC	153	+ 7
Boustead	79	+ 6
Bowthorpe	171	+ 6
Crouch Group	108	+ 5
Delta Metal	58¼	+ 3¼
Fine Art Devs.	78	+ 5
Inveresk	25	+ 3
Johnson Matthey	273	+ 17
Ladbroke	208	+ 7
London United	160	+ 15
Marler Estates	108	+ 14
Pentos	53	+ 8
Perry (H.)	71	+ 8
Prudential	268	+ 10
Rosehaugh	173	+ 18
Smith Brothers	41	+ 4
Thorn EMI	358	+ 6
Westland	151	+ 6
Willis Faber	269	+ 9
BP	358	+ 6
Shell Transport	414	+ 6
Ultramar	378	+ 14
Beralt Tin	72	+ 5
Peko-Wallsend	550	+ 15

FALLS		
Distillers	215	− 10
GKN	198	− 30
Kitchen Queen	9	− 4
Lucas Inds.	201	− 9
Rowntree Mack'tosh	174	− 4
Steetley	188	− 6
Tube Invs.	232	− 10
Vickers	131	− 4
Aran Energy	370	− 50
Grootvlei	587	− 18
RTZ	475	− 12
Unisel	587	− 18

Local authority grants reduced as British Rail receives a boost

Heseltine retains £200m in bid to curb spending

BY ROBIN PAULEY

THE GOVERNMENT is to withhold £200m from local authorities in England and Wales in November in a further attempt to force them to contain their spending within Government targets.

In addition, 14 authorities, mostly in London and all but one Labour-controlled, will lose a total of £18.42m grant as a penalty for "profligate" spending this year and failure to make adequate attempts to meet the Government's targets.

Three London authorities, Lambeth, Hackney and Islington, all on the blacklist of 14 are to lose a further £3m total from their inner city partnership programme as a third penalty for refusing to cooperate with the Government.

The cuts will have to be absorbed by greater efficiency and more manpower cuts, or by higher rates, or by further cuts in services, many of which have been already pared to the bone.

The cuts are intended to eliminate all risk of final 1980-1981 expenditure exceeding central Government targets. The £200m could be released if local authorities achieved existing targets.

If, however, the cuts are made, local authority officials believe that most councils will be unwilling or unable to do without that money. They expect that the local authorities will replace the cuts by borrowing, which would increase the public sector borrowing requirement by 200m. If this happened the net gain to public expenditure targets would be zero.

The Government has made curbs on local Government spending an important plank in its economic policy. But the difficulties it has encountered in achieving significant cuts have left Tory supporters concerned about the extent to which the private sector seems to be bearing the full brunt of

Continued on Back Page
Editorial Comment Page 22; Money supply figures, Back Page

THE PENALISED AUTHORITIES

Authority	Domestic rate p in the £	grant to be lost as penalty £m	Rate levy p in £ needed to make up lost grant
Camden	113	5.22	5.00
Islington	118	2.42	4.78
Tower Hamlets	105	1.55	3.73
Lambeth	125	2.10	3.63
Hackney	103	1.01	2.75
Lewisham	104	0.97	2.28
Newcastle	158	1.31	2.18
Hammersmith/Fulham	86	0.51	1.55
Brent	109	0.71	1.41
Waltham Forest	119	0.53	1.35
Hounslow	100	0.55	1.15
Greenwich	84	0.41	1.14
Afan	131	0.11	1.10
Sheffield	136	1.02	1.05

Domestic rates were translated into "uniform" rates by the Government before the list to be penalised was compiled. This adjusts for the effects of different types of government grant including the domestic subsidy and allows for the different circumstances between London and the rest of the country. Hammersmith/Fulham, controlled by a Conservative Liberal coalition, is the only penalised council which is not Labour-controlled.

State to give BR more flexibility

BY LYNTON McLAIN

THE GOVERNMENT is allowing British Rail more financial flexibility to help counter revenue losses and the effects of the 20 per cent pay settlement for railwaymen.

The modification of policy follows a series of pleas to the Government from British Rail. The upshot is a £40m increase in the total external finance limit set for the British Railway Board to a ceiling of £790m for 1980-81.

Mr. Norman Fowler, Transport Minister, announced the change yesterday on the eve of today's announcement on fare rises of about 20 per cent from British Rail. Mr. Fowler insisted that it was not a U-turn in Government policy.

And, he said, British Rail could expect to have its investment plans for the next financial year frozen if it breaches the new finance limit.

In addition, the total by which British Rail breached the limit would be taken off the British Railways' Board's finance limit for 1981-82.

The recession and the steel strike are forecast to cost British Rail £70m in revenue losses this financial year, with the pay award adding another £70m to its costs.

The original £750m limit on BR's external finance was set in the Government's March White Paper on expenditure and was based "on the assumption that BR will be able to contain costs."

British Rail failed to do this although it has cut its annual expenditure of more than £2.25bn by £8m as a result of gains in productivity associated with the pay award.

The British Railways Board took actions to cut costs further—including a cut in investment, and an increase, from £36m to £45m, in the value of fixed assets—mainly property—to be sold by March.

But it still forecast that it would exceed the limit by about £68m despite the fare increases that will take effect in November.

The Government action enables BR to borrow an extra £40m. But, it could still leave BR exceeding the finance limit by £28m.

Mr. Fowler said his action recognised British Rail's problems, and would help it avoid the need for further cuts in

Continued on Back Page
National Express reduces fares, Page 6

GKN warns on jobs as profits dive

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

GKN, the largest engineering group in the UK, yesterday announced a 58 per cent fall in pre-tax profits to £22.4m in the six months to June 30.

The first half profits fall and the resultant cut in the interim dividend caused a severe knock to share prices. From a relatively buoyant market earlier in the day, the FT 30-Share Index closed 3.1 points down on the day at 497.7. GKN shares lost 30p, closing at 198p.

GKN warned yesterday that another 2,000 jobs will have to go in the UK, bringing the total jobs lost in the group to 10,000 in the current year, in pursuit of its policy of "concentrating increasingly on the improvement or elimination of unprofitable activities in the UK." This will take GKN's UK payroll down to 59,000 by the end of the year.

The costs of redundancy will be at least £9m, to be charged against full year profits, and termination costs will total about £20m, to be included as an extraordinary item.

The effect will be a significantly lower profit for the second half, making a substantial drop on last year's £101.4m.

GKN's UK profits have borne the full brunt of the recession, and the steel strike earlier this year. Virtually all pre-tax profit came from overseas activities, the UK operations making no contribution overall after interest charges.

The trading surplus on UK operations was £11m, against £36m in the first half of 1979. In contrast, the overseas operations have held up fairly well, particularly on the continent, where the trading surplus increased from £20m to £23m.

The tax charge of £20.2m on profits of £22.4m is attributed to a high proportion of overseas tax and to the need to write off advance corporation tax. The result is that earnings for the period amount to a deficit of £500,000.

Mr. Trevor Holdworth, chairman of GKN, said yesterday: "There is nothing that can compare with this recession. We cannot create markets for ourselves when so many of our customers are operating at such low levels."

He believes the steel strike in the first quarter of the year masked the severity of the recession, so that the full force did not become apparent until the second quarter.

GKN, the largest steelmaker in the private sector, lost £2m on its steel operations against a trading surplus of £2m last year. Although its own plants were closed for only a relatively short time during the 13-week strike, it suffered considerable disruption in supplies from BSC for its other activities.

Although GKN has been following a plan to reduce its exposure to the UK market for several years, it is clear from these results that its overseas spread is still not sufficient to offset problems in the home market. Furthermore, in the U.S., it is still experiencing start-up costs on its first factory, which is making components for the Ford Erica.

The depressed state of the car industry in the UK—made worse by the rising tide of imported cars — has hit demand for all of GKN automotive components activities. In addition, the group is a major supplier of components to other automotive sectors in the UK such as commercial vehicles, tractors, off-highway vehicles.

Results, Page 24; Total jobs cut, Page 6

POOR RESULTS CONTINUE

ROWNTREE Mackintosh has reported a £5m fall in pre-tax profits to £4.3m because of falling volume in the UK and lower margins abroad. Page 25.

The UDS group confirmed the squeeze on profits in the High Street by managing only £2m at the half-way stage, before tax, compared with last year's £10m. Page 24.

The news was uniformly dismal from the engineering sector. Although Hestair's heavy vehicle sales picked up with a consequent recovery in interim profits from £55,000 to £453,000 there is no dividend only a warning that the second half looks grim. Page 24.

Delta Metal's figures for the first six months look respectable at £13.5m against £14m last year but they hide a steep fall in the second quarter. The Board has opted to maintain the dividend. Page 27.

The same decision has been reached at Booker McConnel where the engineering divisions bore the greatest responsibility for the slump in interim profits from £9.3m to £4.4m. The news has not, however, inhibited Booker from buying Gallaher's grocery business for £8m or so. Page 25.

Dockers' delegate meeting expected to cancel strike

BY PAULINE CLARK, LABOUR STAFF

THE THREATENED national dock strike will almost certainly be called off on Sunday when union leaders recommend to dockers that they accept a new peace formula. The strike would be due to start on Monday.

The formula was agreed at a meeting yesterday between national port employers and union representatives headed by Mr. Alex Kitson, deputy general secretary of the Transport and General Workers Union.

Liverpool employers are believed to have backed down on their threat to remove 180 redundant dockers from their pay-roll. But they are likely to call, in return, for greater co-operation from the union in encouraging voluntary redundancy, to relieve the port of surplus labour.

The Government plans, in the coming parliamentary session, to increase the present £10m borrowing ceiling for the National Dock Labour Board to enable port employers to offer more attractive severance terms to dockers. It is expected that an interim increase in severance pay will be discussed between union and employers next Monday.

Details of the peace formula were being kept firmly under wraps yesterday ahead of the dockers' recalled delegate conference on Sunday which will finally decide on the strike.

Employers were confident local port leaders of Britain's 23,000 dockers will accept the formula. But Mr. Tom Cronin, TGWU national docks secretary, said yesterday only that the trade union side of yesterday's meeting of the national joint council for the ports industries was prepared to recommend to the conference "that the jointly agreed formula be accepted."

At the start of this week the union's executive unanimously backed the dockers' decision to strike if the Liverpool port employers refused to give a written assurance that redundant dock labour would not be placed on the national dock labour scheme's Temporary Unattached Register.

Under the 1974 Jones-Aldington agreement on dockwork regulation, the register can be used only for disciplinary purposes.

Rothschild family dispute ends

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

THE PUBLIC row which broke out earlier this week between two branches of the UK Rothschild family over the use of the family name appeared to have come to an end last night.

The dispute had apparently been defused by a series of moves yesterday by Mr. Jacob Rothschild, chairman of Rothschild Investment Trust, the publicly quoted company which until recently has been closely connected with N. M. Rothschild, the UK merchant bank.

Among the most significant was his resignation from the Board of Rothschilds Continuation, the holding company of the merchant bank. He said it had become clear in any case that a majority of the Rothschilds Continuation directors were likely to ask for his resignation.

Mr. Evelyn de Rothschild, chairman of N. M. Rothschild and a major shareholder in the holding company, was the other main protagonist in the dispute.

In other moves it was announced that Rothschild Investment Trust is to change its name to RIT Limited, while agreeing to have its 11.4 per cent stake in Rothschilds Continuation sold with that company's "co-operation and expression of confidence."

An intermediate holding company, J. Rothschild and Company, has become manager of RIT's assets as well as holding company for all trading subsidiaries. Another RIT group company is having its name changed to J. Rothschild International Investments.

The outcome leaves Mr. Jacob Rothschild able to use the family name in part of his business, though not in the title of the main holding company.

He has apparently given no commitments about not taking RIT into banking activities in the future, as the other branch of the family had wanted. But last night he said he had "no present intention" of going into banking.

CONTENTS

For latest Share Index 'phone 01-246 8026

W. German central bank cuts Lombard rate to 9%

BY ROGER BOYES IN BONN

THE Bundesbank, West Germany's central bank, yesterday reduced the Lombard rate from 9.5 per cent to 9 per cent, thus easing somewhat the liquidity problem of the German banks. Th ereduction is the first movement, however slight, in the country's key interest rates since May.

But the Bundesbank's central council has not changed the politically sensitive discount rate of 7.5 per cent—a post-war high—thus signalling its intention to maintain tight monetary policies, despite mounting pressure for a relaxation.

The move is in line with the Bundesbank's current philosophy, outlined again in its report this month.

On the one hand, it is determined to keep interest rates high to attract capital imports and finance its balance of payments deficit while at the same time keeping inflation under control.

On the other hand, it is aware that banks have to be given sufficient liquidity, especially at a time when the economy is slowing down.

Herr Karl Otto Poehl, the president of the Bundesbank, has stressed that the Lombard rate — the ratae at which the Bundesbank lends funds to banks against securities — is only one of several instruments to control liquidity.

In July, the central bank announced that around DM 5bn was made available against securities would be offered for 25 days at an annual interest rate of 9.2per cent—that is, substantially below the then Lombard rate.

The problem for the Bundesbank has been how to maintain a balance between its twin aims of tight monetary control and adequate liquidity for the banks. The trades unions and some Social Democrat politicians have bitterly criticised the high interest rates, claiming that they were effectively creating unemployment and stifling growth.

The Bundesbank, however, described its action yesterday as "a degree of relaxation," and as such it was welcomed by both Herr Hans Matthoefer, the Finance Minister, and the Federation of German Industry. The reduction in the Lombard rate appeared to have little effect on the Frankfurt exchange markets.

None the less, the fact remains that many politicians would have been happy to have seen the Bundesbank go further along the road of easing interest rates. Herr Wolfgang Roth, an economics spokesman for the Social Democrats, yesterday called for the Bundesbank to follow up "this modest step" with further action.

The Kiel Institute, traditionally the gloomiest of Germany's economic forecasting bodies, stressed in a report issued yesterday that "the underlying conditions for a cyclical upswing have continued to worsen."

OPEC AFTER THE VIENNA MEETING

Ministers optimistic on indexation

BY RICHARD JOHNS IN VIENNA

MOST MEMBERS of the Organisation of Petroleum Exporting Countries (OPEC) remain optimistic that the heads of state meeting scheduled for early November in Iraq will, with the exception of Iran, approve a ministerial report on the organisation's long-term strategy.

Sheikh Ali Khalifa al-Sabah, Kuwait's Minister of Oil, predicted that 12 of the 13 members would agree on its content, including proposals for long-term indexation of oil prices. These could then be formally approved by the OPEC summit.

Even in the almost certain absence of Iran, which is engaged in an armed border conflict with Iraq, the report could be formally adopted. According to procedural rules, OPEC requires unanimity for its decisions, but its statutes make no mention of summit meetings.

OPEC's Oil Ministers are due to meet on October 14, probably in London or Geneva, in another attempt to reach agreement on the indexation formula for automatic oil price increases.

Compromise was nearly reached at the three-day meeting in Vienna on the basis of amendments proposed by Algeria and apparently supported by Libya. These were also likely to have been acceptable to Saudi Arabia and Iraq, currently the main powers within OPEC. Agreement was thwarted basically by Iran, which is at loggerheads with Iraq and does not want prices to be restrained by any system at all.

Algeria put forward ideas for a slight modification of the indexation mechanism which had been recommended by a Ministerial committee on long-term strategy, chaired by Sheikh Ahmed Zaki Yamani, the Saudi Minister of Oil. An important proviso was acceptance of a programme to control overall output by members.

Saudi Arabia is thought to be prepared to agree to such a scheme if other members make a binding commitment to observe a moderate long-term pricing system.

Other differences, concerning the scope of OPEC's aid programme remain to be resolved. Finance Ministers are to meet early next month in Quito, Ecuador, in the hope of resolving this front.

Another "Triministerial" OPEC conference like the one in Vienna will take place prior to the Baghdad summit.

Feature, Page 22
Iran-Iraq border clash threatens West, Page 3

Emigration of Jews from Soviet Union slows

By David Satter in Moscow

THE RATE of Soviet Jewish emigration, long regarded as one of the principal barometers of U.S.-Soviet relations, has slowed drastically in the past few months and signs that the period of relatively free Jewish emigration may be coming to an end.

In the months of July, August, and September, Jewish emigration has proceeded at a rate of about 1,000 persons per month, compared with almost 5,000 Jews who left the Soviet Union in October, 1979.

A steady fall in the emigration rate began in January, after the invasion of Afghanistan, when 3,721 Jews were allowed to emigrate. By May the total had fallen to 2,100 persons, and it fell further to 1,500 persons in June and 700 in July when the Soviet visa office was said to be preoccupied with work connected with the Olympic Games.

The end of the Olympics in early August brought no significant increase in emigration, however. About 1,000 Jews emigrated that month, and 300 a week are leaving this month.

It is now expected that no more than 20,000 Jews will leave the Soviet Union this year compared with 50,000 in 1979, when the Soviet Union still hoped for trade concessions from the U.S.

In apparent moves to cut the flow of emigrants, the Soviet authorities have introduced a number of punitive bureaucratic practices which reduce the chances of gaining permission to emigrate while greatly increasing the risk and difficulty of applying.

The Soviet authorities insist that a would-be emigrant should present an invitation from "relatives" in Israel, who in most cases do not exist. When applications to join these non-existent "relatives" were refused in the past it was on the grounds that the applicant knew "State secrets."

Now the number of refusals is increasing rapidly but the reason being given is that the invitation does not come from a close enough "relative."

Jews in the Ukrainian city of Kharkov have reported that emigration from Kharkov and other Ukrainian cities has almost completely stopped and that virtually all applications are being refused.

As of September 1 in Kharkov, the visa authorities began issuing "final refusals" to prospective emigrants. In the past, even when a person was refused permission to emigrate repeatedly, he retained the ability to re-apply at six-

In many Ukrainian cities, local officials are refusing to hand out application forms and in Moscow invitations from Israel are not being delivered through the Soviet post.

An invitation from Israel must be presented to the Soviet visa office in the envelope in which it was sent, in order to prove that it arrived through the Soviet post. It is therefore possible to cut off the flow of applications by refusing to deliver the invitations.

French-Soviet steel contract 'will not include know-how'

BY DAVID WHITE IN PARIS

THE RECENT £125m French contract to sell steel-making equipment to the Soviet Union excludes the share that the U.S. Armco group was to have taken under the original but cancelled U.S.-Japanese deal, according to French Government officials.

The officials confirmed that the Government exerted pressure on Creusot-Loire, the main company involved in the French contract, not to take over the project in its original form.

The French group, which in 1978 had been an unsuccessful bidder for the steelworks at Novolipetsk, south of Moscow, was contacted by the Soviet authorities soon after the U.S. embargo on sales of high-technology equipment to Russia, imposed at the beginning of the year following the invasion of Afghanistan.

The officials said that the contract that had now been agreed on corresponded to the share that Nippon Steel, the Japanese partner, was to have had under the cancelled contract. This, they said, involved supplies of equipment and machinery, making up about three-quarters of the total value of the project.

Armco's role, which was essentially the transfer of knowhow, had been taken over by the Russians, who would build their plant using their own alloy steel technology, the officials said. The plant is due to have an annual capacity of 480,000 tonnes of steel and to start production in 1985.

Nippon Steel was understood to have tried to get back into the project after Armco's withdrawal, the officials added.

They said that "no sensitive" material would be transferred to the Soviet Union under the contract.

The U.S. authorities were informed about the proposed deal before the French Government gave its "green light."

Although Creusot-Loire is a private-sector company belonging to the Empain-Schneider group, financing for the deal was dependent on approval by Government agencies including Coface, the export credit guarantee board. The Government's leverage on the group is increased by its key role as a client—Creusot-Loire's subsidiary, Framatome, supplies France with its nuclear plant.

Three of the other four companies involved in the deal belong to the same group.

The Communist-led CGT union has claimed credit for pulling the Soviet deal out of the fire after protesting about delays in negotiations and accusing President Giscard d'Estaing of bowing to pressure from the U.S.

Giscard seeks EEC pledge

By Robert Mauthner in Paris

President Giscard d'Estaing has made it plain that he does not want today's meeting in Paris with Mrs. Thatcher, the British Prime Minister, to turn into yet another Anglo-French quarrel about EEC problems.

Indeed, if the French President's spokesman is to be believed, Mrs. Thatcher will find it difficult to have any real discussion about current disagreements within the Community.

These questions could be settled only at meetings of the Nine, and would therefore not be dealt with in depth, the spokesman said. Mrs. Thatcher would have the opportunity of setting out her Government's position on European problems, but this would not be followed by a fundamental discussion.

If Mrs. Thatcher was hoping to make progress in Paris towards finding a solution of the latest differences over payment to Britain of refunds out of the EEC budget, she will probably be disappointed.

As things stand, President Giscard would like Mrs. Thatcher to give a clear undertaking that Britain will not block farm price rises next year.

The French have let it be understood that their agreement to releasing the refunds from the EEC budget, currently the subject of a procedure wrangle in Brussels, is closely linked to such a British pledge.

The talks will open with a breakfast meeting at the Elysée Palace between President Giscard and Mrs. Thatcher. M. Raymond Barre, the French Prime Minister, and the two foreign ministers will join the talks later.

Walter Ellis reports from Strasbourg: The European Parliament yesterday declared its interest in the disbursement this year of £760m—part of Britain's EEC refund. MEPs voted by a clear majority yesterday to incorporate Britain's refund within that section of the annual EEC budget over which the Parliament has some control, and each payment to the UK could now be preceded by debate in Strasbourg.

Turkey's generals sworn in

BY METIN MUNIR AND DAVID TUNGE IN ANKARA

TURKEY'S MILITARY commanders yesterday swore themselves in as the country's new rulers. At the last minute they dropped from their oath a specific promise to restore power to a new Parliament, but they repeated their commitments to human rights and democratic principles.

The ceremony was followed by an exceptional meeting of the self-proclaimed "National Security Council," made up of the armed forces' commanders, and the country's other top officers.

It was the first time since last Friday's coup that the Council had met formally with the men on whom they rely for power. The meeting was to agree on the Cabinet which is to be announced shortly, to see if any officers should be purged, and to set the course of the new regime.

TURKEY'S LEADERSHIP—from left, General Nurettin Ersin (head of ground forces), General Tahsin Sahinkaya (head of the air force), Admiral Nejat Tümer (naval chief), and General Sedat Celasun (head of the gendarmerie).

The regime gave a taste of its character at the grandiose ceremony in the building where Parliament worked until it was abolished last week.

Around 60 civilians faced an array of 190 officers, uniforms and ceremonial swords as Gen. Kenan Evren, the military ruler, said he would apply the principles of Kemal Ataturk, the founder of modern Turkey, and of "justice, law, human rights and my conscience."

He then swore on his honour towork fort be integrity of the fatherland, "for the unconditional sovereignty of the nation andf or the establishment of a new constitutional order based on democratic and secular Republican principles."

But a direct reference to restoring power to a new Parliament which had been contained in a midday draft of the oath was omitted.

Dutch company faces complaint

BY CHARLES BATCHELOR IN AMSTERDAM

DUTCH INVESTIGATORS have filed a report with the public prosecutor alleging possible infringement by the automobile components group, Van Doorne Transmissie, of export controls on sensitive materials.

News of this move follows an allegation earlier this week that Van Doorne had supplied steel tubes, which could be used as centrifuge rotors in uranium enrichment plant, to Pakistan.

The economic investigations department of the Economics Ministry has filed a complaint against the company and its managing director, but it is up to the public prosecutor to decide whether an offence has been committed, a ministry spokesman said yesterday.

Van Doorne was named by the weekly magazine of the Catholic College of Technology in Tilberg, where the company has its factory, as the supplier of components which are believed to have allowed Pakistan to develop its own uranium enrichment capacity.

Van Doorne admitted supplying the components, consisting of 6,500 steel tubes used as centrifuge rotors, but said they were standard products not covered by export restrictions on "sensitive" material.

A Dutch Government report released earlier this year was strongly critical of the supplier of the steel tubes, but did not then name the company.

According to the Government report, the company had delivered the specially hardened pipes to Pakistan between 1976 and September 1979. "The final delivery was made despite repeated verbal and written warnings not to," the report said.

"The tubes were recognisable as parts for an ultra-centrifuge installation used to enrich uranium, and the company's managers were apparently aware of this, the report said.

Van Doorne admitted delivering the pipes but said they were made of ordinary steel and were a standard product used by the company in vehicle transmission systems and many other applications.

Strikers close Berlin railways

BY LESLIE COLITT IN BERLIN

A SPREADING strike by West Berlin employees of the East German Reichsbahn state railway has halted all freight and mail trains running between West Germany and West Berlin, virtually closing the city's urban railway network.

The railwaymen, inspired by the successes of Polish strikers, are demanding the right to elect their own representatives to the East German Government trade union of which they are automatically members. They also want pay rises, longer holidays and other social benefits.

Some 3,000 West German citizens work for the East German Reichsbahn which, since 1945, has run the entire city's urban railway, the S-bahn, as well as rail services.

There was no sign of East German railwaymen joining the strike, which would bring immediate retaliation from the security police. Nearly 100 carefully-screened East German railwaymen were brought into West Berlin yesterday as strike breakers to maintain services on one of the main elevated lines.

Danes lower discount rate to 12%

BY HILARY BARNES IN COPENHAGEN

THE DANISH discount rate was reduced from a record 13 per cent to 12 per cent with effect from today, the Central Bank announced. The rate was raised from 11 per cent to 13 per cent in February.

The bank said the reduction was justified by stability in exchange markets and the prospect of a lower current account deficit for the remainder of the year and a lower rate of inflation.

Private banks are expected to reduce their interest rates. Average lending rates, including commission, are now 18 per cent and deposit rates 15 per cent.

This year's high interest rates have hit the building industry severely. Housing starts so far this year have fallen sharply, as have agricultural building and factory building starts.

Denmark has consistently followed a high interest rate policy since the mid-1960s to attract private capital imports to help finance the external deficit.

David Marsh looks at Moscow's enigmatic role in Western gold Markets and reports that a Soviet-South African sales link could develop

Moving in more mysterious ways than ever

THE SOVIET UNION, the most enigmatic participant in the international bullion market, is not only a past master at keeping its cards close to its chest. It is also beginning to find that it holds all the aces.

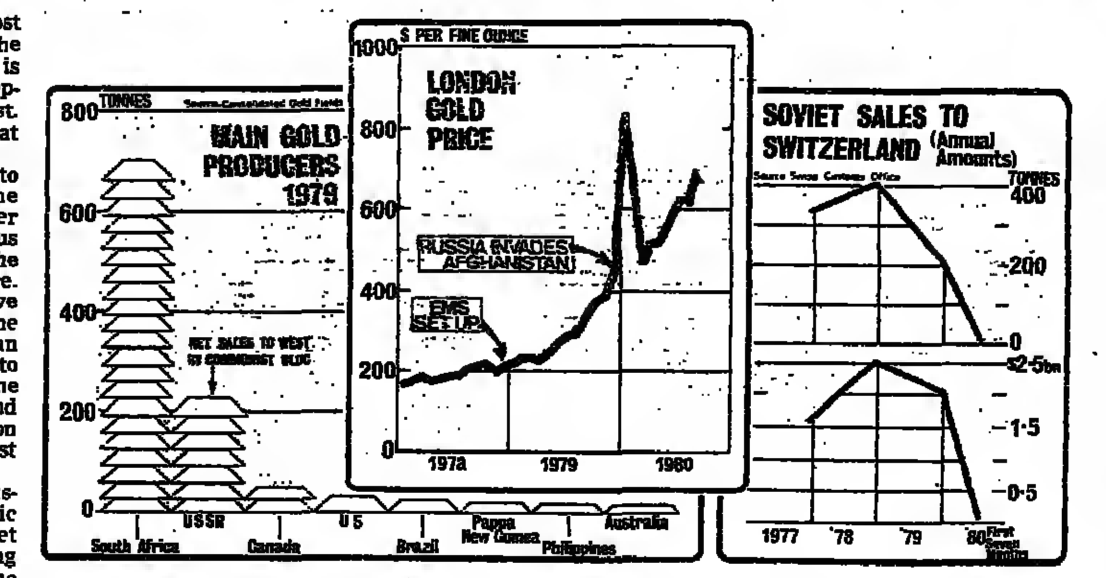
By sending its tanks into Afghanistan last December, the world's No. 2 gold producer itself provided the main impetus behind the January surge in the bullion price to $850 per ounce. Since then, the Russians have held back supplies from the Western gold markets in an apparently deliberate attempt to bold up prices. This has been one of the main factors behind recent fresh gains in the bullion price to a peak last week of just under $700 per ounce.

Believing that gold re-monetisation provides another basic support for the price, the Soviet authorities have been expressing discreet enthusiasm for the moves afoot in the West to rebuild a role for gold in central bank settlements through the European Monetary System.

Now there are tentative indications that as part of its efforts to improve control of prices, Moscow may be interested in some kind of informed marketing collaboration with a country that at first sight looks a strange political bedfellow—Right-wing South Africa, the world's premier gold producer.

Such a link might not, in fact, be so odd. The two countries already co-operate informally in selling diamonds to the West. As the two main producers of platinum, there have also been rumours of an informal joint strategy for sales of this metal as well.

Any kind of collaboration over gold sales would add a new dimension to the gold market. But both countries are already following broadly similar policies. With its balance of payments position now much improved, South Africa now no longer needs to sell all its gold production on to the market at once. In recent months it has switched to a policy of withholding quite considerable amounts in order to bolster prices.



Details about the Soviet Union's gold sales policy have always been a well-guarded secret. Western analysts in touch with Moscow say that only about two or three people in Russia itself enjoy access to full information about annual production and sales.

The Soviet sales strategy this year has presented the gold market with a bigger puzzle than normal. According to statistics issued by the customs authorities in Switzerland—the country which acts as Moscow's main outlet for sales to the West—Russian gold exports in the first seven months this year have fallen to only about 5 tonnes from 214 tonnes in the whole of 1979, and 401 tonnes in 1978.

According to one top dealer at a London bullion house, "the Russians are moving in more mysterious ways than they used to."

The Swiss figures show that the last delivery of Soviet gold to Zurich was made in January. They also reveal that the Russians withdrew about 3 tonnes of gold from Switzerland in April. This adds credence to some bullion dealers' suggestions that Moscow has occasionally entered the market to buy gold in order to bolster prices.

The Swiss figures have long provided Western gold analysts with their main indication of Soviet marketing strategy. It is thought that hardly any Soviet gold comes on to the market via London, the other main international trading centre.

Some gold analysts in London and Zurich believe that the Soviet Union has been diverting a small amount of supplies this year to other markets, possibly New York. There have been constant rumours that Moscow has entered into bilateral deals with oil producing countries, which have been heavy buyers of gold during the past 12 months. But analysts with close links to the Moscow marketing authorities doubt whether this has been the case.

There have also been indications that some Soviet gold has been coming on to the market through other East bloc countries. Bulgaria, not known to be a gold producer, has exported more than 22 tonnes of gold to Switzerland so far this year, after bringing in only about one tonne last year and hardly anything during the previous two years.

Some dealers speculate that Bulgaria may have received Russian gold in payment for exports to Moscow, and is now selling the proceeds for hard currencies in the West. Others say that Bulgaria may be running down its gold reserves.

The consensus in London and Zurich is that the Soviets are deliberately holding back supplies in anticipation of still higher prices later on this year. Credit Suisse, for instance, expects that Soviet sales to the West this year will still be around 115 tonnes.

Because of higher prices, this would probably net the Soviet authorities about the same amount of foreign exchange as last year's sales.

Some gold-watchers think that the Soviet Union's recent financial aid for Poland may make a resumption of sales more likely over the next few months. But a chief Soviet priority looks likely to remain the re-building of its gold reserves, which are thought to have been depleted during the large sales of the previous few years.

The Soviet Union has been able to add production to reserves this year partly because it has improved its other hard currency earnings through the higher price of oil sold to the West. Any additional burdens on the Soviet balance of payments caused by its bailing-out action for Poland are probably more likely to be met through a reduction in Moscow's foreign currency deposits with Western banks than through a sharp increase in gold sales.

Moscow has plainly welcomed the moves in the West to return gold to greater monetary prominence in international financial arrangements. The European Monetary System, set up at the end of 1978, has effectively given gold a new monetary role by allowing EEC countries to make far greater use of their bullion reserves in order to settle currency intervention debts and make other transactions among each other.

According to some London bullion dealers, it has been this effective re-monetisation of the metal as much as fear of "World War III" that has accounted for the trebling in the price during the past 20 months.

Soviet commentators have voiced their approval on several occasions. An article signed by A. Dostal in the May edition of the economic journal "Economic Science," wrote warmly of the way that the EMS was helping Western Europe "to build a new gold-based monetary system."

South Africa, too, has not been slow to recognise the benefits for producers of a return to gold in an important—if still informal—role in the international monetary system. Could the stage be set for some kind of loose collaboration between the two major producers over the way that gold is channelled to the West?

This question has tantalised the gold market for years. Now that both countries' improved external payments positions allow them the option of withholding gold from the markets, such co-operation is at least theoretically possible.

One recent event has renewed speculation that some sort of loose marketing agreement may eventually be worked out. The gold market has learnt that officials of Consolidated Gold Fields, the London-based mining finance house in which De Beers and Anglo American Mining Corporation own significant holdings, have been in contact with the Soviet authorities with a view to possible co-operation.

Both the South Africans and the Russians may be interested in maintaining similar sales policies to keep prices as stable as possible at the present high levels. According to a key Soviet-watcher at one London bank: "If they simply agreed that no one rocked the boat, that would be a big step for the gold market."

Soviet 'Goldfinger' proves elusive

DESPITE the cloak of mystery which covers Soviet gold sales, the organisation which locates, exploits and sells this most glamorous of metals is, on the surface at least, as prosaic as any other part of the Soviet industrial bureaucracy, writes Anthony Robinson.

If the Soviet Union does have a "Mr. Goldfinger," empowered to deal discreetly behind the scenes with his South African counterparts or arrange direct sales to oil Sheikhs, his identity is a closely guarded secret.

Ask a Swiss banker where to start the search, however, and the answer is likely to be No. 1 Schutzengasse, in the heart of Zurich's financial and banking district around the Bahnhofstrasse.

This is the home of the Wozchod Handelsbank, a wholly-owned Soviet bank set up in 1966 ostensibly to foster Swiss-Soviet trade, but also, it is widely believed among Zurich bankers, to keep a close eye on the gold market and channel Soviet gold sales through it.

With a balance sheet of SwFr 795m (£203m) last year it was the sixteenth largest foreign bank in Switzerland, ahead of such capitalist heavyweights as Chase Manhattan or Chemical Bank. Three members of the board are Swiss, only the fourth man, Mr. M. Samsonov, is Russian.

But it would be rash to presume from his rank and nationality alone that Mr. Samsonov is "Mr. Goldfinger." The man or men, engaged in the most sensitive operations would almost certainly hold much less exalted formal positions, as they do in embassies and trading organisations.

Strategic gold marketing decisions are almost certainly a function of a small group of specialists in Moscow itself, in liaison with the State Bank and Ministry of Foreign Trade.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second Class postage paid at New York, N.Y., and at additional mailing centres.

Roger Matthews assesses the dangers in the rising tension between Iraq and Iran

Border clash that threatens the West

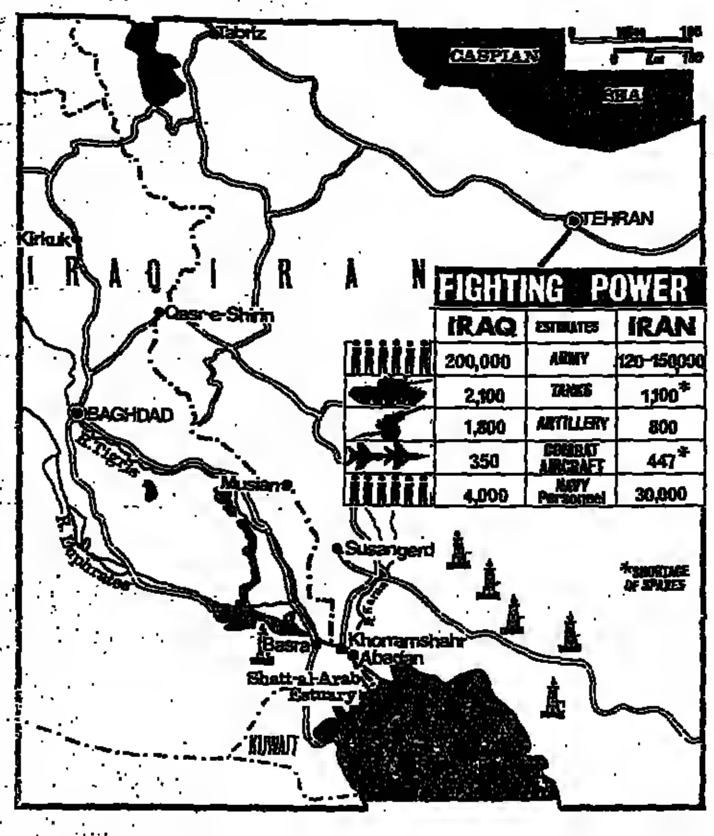
THE FIGHTING between Iraq and Iran is potentially more explosive and certainly more threatening for the economies of the industrialised world than most other historical border squabbles between Moslem countries in the Middle East.

They are both major oil producers, and the area in contention is at the heart of the producing and shipping region.

The decision by President Saddam Hussein of Iraq on Tuesday unilaterally to abrogate the 1975 agreement with Iran on the vital Shatt Al-Arab waterway, has been greeted as "a declaration of war" by officials in Tehran.

Although the timing has caught Western diplomats by surprise, it can be seen as part of President Hussein's longer-term objective of emerging as a major new force in the Arab world, while also seeking to replace Iran as the dominant power in the Gulf.

The pace of development has been speeded up by the vacuum left by President Anwar Sadat of Egypt when he signed the peace treaty with Israel and the bitter hostility that quickly developed with the revolutionary regime in Iran.



FIGHTING POWER

IRAQ	ESTIMATES	IRAN
200,000	ARMY	120-150,000
2,100	TANKS	1,100*
1,800	ARTILLERY	800
350	COMBAT AIRCRAFT	447*
4,000	NAVY Personnel	30,000

The Ba'athist regime of President Hussein is predominantly of the Sunni sect of Islam and he was bound to regard with deep anxiety any attempts by Iran to export its revolution, based on the Shi'ite sect, to his own country considering Iraq's 50 per cent Shia population.

At the same time, President Hussein is trying to establish his own credentials, having only taken full official power 14 months ago. Although the regime's "strong man" for several years, his action on the Shatt Al-Arab waterway removes what has long been seen in Baghdad as a stain on Iraqi pride.

Shatt Al-Arab, where the waters of the Tigris and Euphrates come together and flow down into the Gulf, is Iraq's only outlet to the sea. On one side of the 100-mile stretch of water is Basra, Iraq's major port and on the other is Abadan, the site of Iran's largest refinery. At the mouth of the estuary, both countries maintain oil terminals.

The refinery at Abadan, processing more than 600,000 barrels a day, remains the most exposed target. It stands right on the estuary which is only a couple of hundred yards wide at that point.

Tankers do not come directly to it — the products terminal is at Bandar Mahshahr about 20 miles further east. The crude terminal is at Kharg Islaod, in the Gulf, even further away from Iraq.

Khorramsbahr, though, is still one of Iran's major ports, handling the bulk of geoeral cargo being shipped to the country. It is also a naval base for a score or so of Iran's missile-firing fast patrol boats and small coastal defence vessels.

The dispute over the control of Shatt Al-Arab has raged intermittently since the collapse of the Ottoman Empire wheo Turkey controlled both baoks. For much of the period, Iraq exercised sovreignty over the entire estuary, but then at the OPEC summit in Algiers io 1975 was eventually forced into a deal with the late Shah of Iran.

The basis of the deal was that the Shah would drop his support for the Kurdish rebels struggling for independence from Iraq, and in return the border between the two countries was to run down the centre of the waterway.

As a result, the costly Kurdish rebellion was put down but at a price to national pride that can now be reclaimed from a greatly weakened and strife-ridden Iran.

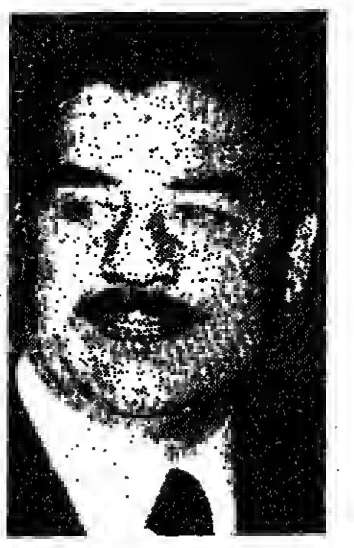
Weakened

The authorities in Baghdad clearly hope that Iran's weakened condition makes it unlikely that Tehran will risk foll-scale military confrontation. Iraqi forces have in the past weeks pushed at least eight miles into Iran along some parts of the border and appear to have resisted all attempts to dislodge them.

The substantial build-up of forces in Iraq and the purchase of ever-more sophisticated weapoory from the Soviet Union aod Western Europe has been paralleled by a simultaneous rundown in the equipment and readiness of the mainly U.S.-equipped Iranian forces.

Military analysts believe that Iraq could confidently expect to win a battle between the armies and air forces, but the outcome at sea would be much less certain due to the relatively limited effect of the Iranian Revolution has bad on its oaval forces.

Should Iran seek to challeoge Iraq in the Gulf by perhaps interfering with its shipping, then the dispute could


President Saddam Hussein

quickly take on a more alarming aspect from a western point of view.

Equally, the Soviet Union will be watching the situation closely both because of its strategic importance and also because it has base facilities at Qaw at the mouth of the Shatt Al-Arab estuary.

President Saddam Hussein is also risking a great deal. Should Iranian military action succeed in limiting his prime oil outlet, he would be forced to rely more heavily on the pipelines through Turkey and Syria.

During last year's brief honeymoon with Syria, the pipeline was reopeoed but the collapse of plaos for union has given way to renewed bitterness that might at aoy time lead to the border being shut agaio.

Mr. Hussein also has to assess the possible impact on next mooths' OPEC summit due to be held in Baghdad and his role as host for the 1982 Non-Aligned summit, another international event that would enhance his much sought-after world recognitioo.

The difficulties of assesaing Mr. Hussein's motivation in escalatiog the conflict at thia moment are ooly matched by those of predicting the response from the highly volatile authorities in Irao, a situation which must cause alarm to both the superpowers and the world's main oil consumers.

A major factor in any increased tensioo is bound to be the attitude of the local majority Arab populatioo in Khuzestan province who are resentful towards the Persians who have come to live in the area as the oil industry has developed.

Bitterness

Since the Iranian revolutioo, Iraq has tried to iocrease the political awareness of this Arab populatioo. Iraqi-traioed Arab separatists have been responsible for the spate of pipeline exploaioos since February last year, which althougb hardly affecting either crude productinn the work of refioery or have been a constant irritant.

The bitterness between Iraq and Irao also spilled over into this week's OPEC meeting in Vienna and threateos to cause continued difficulties for the summit scheduled for Baghdad next month.

Iran has emerged as the biggest stumbling block to agreement on a long-term production aod pricing policy and has claimed that OPEC, with Iraq as one of the main culprits, has been substantially overproducing.

The Iranian aoger has nodoubtedly been fuelled by the growth in understaoding between Iraq and Saudi Arabia, and was bighlighted by the row over which OPEC member should chair this week's session. Iraq eventually managed to force Iran out of the chair and have it replaced by Algeria.

Mrs. Gandhi signals end of 'Sanjay cult'

BY D. P. KUMAR IN NEW DELHI

THE DISCLOSURE that the late Mr. Saojay Gandhi's cremation platforol has been demolished on the instructioo of Mrs. Iodira Gandhi is seen by sections in the ruling Congress (I) Party as an end of the so-called "Sanjay cult."

It also symbolises the change being initiated with the induction of Sanjay's elder brother, Rajiv, into politics. Rajiv is now assisting his mother, and many politicians wanting to meet Mrs. Gaodhi have to see bim first.

Many think that Rajiv is being groomed as Sanjay's successor but be has said that be wonld rather start from scratcb and come up in the Congress (I) in the natural course.

Rajiv is known to be a believer in a reconciliation with the veteran members of the Congress whom Sanjay had relegated to powerless positions in favour of his younger followers in preparation for bis take-over of the party.

Mrs. Gandhi is worried about the problems that she has been saddled with after Sanjay's death. For example, she has as some of ber Cabinet followers, nominces of Sanjay whom sbe does not know well. The position is the same in many Congress-ruled States.

Iodications are that Mrs. Gandbi, possibly oo Rajiv's advice, has decided to bring the older members of the Congresa back as ber advisers in a bid to improve her image and to hasteo decision-making at the political level. Changes in her Cabioet are expected to be announced soon.

India to build 7 heavy water plants by 1986

BY K. K. SHARMA

INDIA HAS decided to establish seven oew heavy water plants by 1986, in a bid to ensure supplies for the country's fourth 400 mw nuclear power statioo near Madras.

The decision suggests that India intends to become self-reliant in heavy water, to ensure there are no further impediments in the way of reacbing the target of installing a nuclear generating capacity of 10,000 mw by the end of the ceotury.

The progress towards achieving the nuclear generation target has been slowed by doubts over the availability of fuel aod beavy water from abroad, largely because of safeguards demanded by foreigo suppliers like the U.S. and Russie after India's refusal to sigo the Nuclear Non-Proliferation Treaty.

Iodia is oow planning to obtaio fuel like enriched uranium from internal sources and has decided to become self-sufficient in heavy water, which is essential for cooliog reactors. Both will eosure that foreign pressure no longer holds back the geoeration of nuclear energy and installatioo of new plants.

The Madras plant oeeds 240 toos of heavy water anoually and this will be produced by the seven new plants. These are in addition to the five heavy water plaots already working in the country. Shortage of supplies from these forces Iodia to import heavy water from Russia, which has agreed to sopply 250 tons this year, but only after insisting on inspection of the Rajasthan plant where it will be used.

ASEAN likely to launch new bid for talks on Kampuchea

BY DAVID HOUSEGO, ASIA CORRESPONDENT

A FRESH attempt to launch an loternational conference on Kampuchea is likely to be made by the Association of South East Asian Nations (ASEAN) during the present meeting of the UN General Assembly.

The move, of which Western diplomats have been given notice, is seen as an attempt by the ASEAN states to recover the political initiative in the diplomacy over the future of Indochina.

Vietnam has already indicated that it will be putting forward its own resolution on Kampuchea to the Assembly. This will reflect the demands for a demilitarised zone between Thailand and Kampuchea, coupled with direct negotiations on the border conflict that were put forward in a joint declaratioo by the Foreign Ministers of Vietnam, Laos and Kampuchea, in July in Vietniane.

The so-called Vientiane declaration angered Thailand and its ASEAN partners as deflecting attention from what they sce as the maio issue in Indochioa—namely Vietnam's invasion and occupation of Kampuchea.

The ASEAN states were even more exacerbated when they saw Dr. Kort Waldheim, the UN Secretary General, whose good offices they had invoked in last November's General Assembly debate to seek a political solution in Kampuchea, epparently supporting the Vietnamese.

Dr. Waldheim lost patience with ASEAN's attempts to press for UN observers on the Thai-Kampuchean border against the obstacle of a potential Soviet veto. He also seemingly saw the Vietnamese proposals as closer to the type of UN mediation that might eventually evolve.

The first round in this year's skirmishing at the UN seems likely to go to the ASEAN states with acceptance by the credentials committee of the deposed régime of Pol Pot as representing Kampochea. Vietnam and the Soviet Union has been canvassing for the acceptance of the Heng Samrin régime.

The main debate on Kampuchea is, however, likely to be one of the most sensitive of the session, touching as it does on rivalry between the U.S., the Soviet Union and China, as well as the issue of non-intervention which will be posed again during the debates on Afghanistan.

The debate will also affect fresh pledges of aid to Kampuchea. Aid commitments through UNICEF and the Red Cross have been running at an annual rate of $500m, representing a per capita contribution of ahont $100.

This is higher, as Western diplomats worried by inadequete international monitoring of aid in Kampuchea, point out, than the GNP per capita of many countries.

China—the most active supporter of the Khmer Rouge—the U.S. and West Europe are all likely to support ASEAN in seeking an ioternational conference. There are few hopes, however, that Vietnam would countenance it at this stage

The West parts ways with China, however, in not waoting ao indefinite guerrilla war in Kampucbea because of the cost in lives and the embarrassmeot of beiog seen to condone the barbarism of the Khmer Rouge.

But any political solution still depends on the unlikely possibility of a reconciliation between China and Vietnam and fioding an acceptable bead of government in Phnom Penb.

In apparent preparation for the UN debate, China has of late shifted its stance towards supporting ASEAN's proposals for a oegotiated settlement. Premier Zhao Ziyang recently declared that a Vietnamese witbdrawal from Kampuchee was no longer oecessarily a precondition for talks on the future of Kampuchea.

The Chinesc believe that Vietnam's growing difficulties in Indnchina will eveotually force them to accept concessions over Kampuchea which could pave the way for an internationally acceptable government.


Heng Samrin


Pol Pot

Opposition uniting in bid to oust Pinochet

By Hugh O'Shaughnessy in Santiago

FOR THE first time since the military coup of 1973 which brought General Augusto Pinochet to power in Chile there are firm indications that his main political opponents, the Christian Democratic Party, and the left-wing parties are pooling their forces in an attempt to end the dictatorship.

According to many political observers here the new moves have been triggered by the plebiscite staged by General Pinochet last Thursday which has been widely denounced by the opposition as fraudulent. The Government claimed that 67.6 per cent of the 6.1m votes favoured a new constitution which gave Pinochet greatly increased personal powers and the option of continuing in power until the late 1990s.

Over the past seven years Gen. Pinochet has greatly benefited from the fact that the left wing supporters of the late President Salvador Allende, have been at daggers drawn with the Christian Democrats. Before all parties were formally banned at the time of the coup, Christian Democrats were the largest single political force in Chile. The Left place much of the blame for the coup at the door of the Christian Democrats and their former leader, former President Eduardo Frei.

Sr. Frei has however been increasingly critical of the dictatorship and at a crowded public meeting on August 27 he called for the immediate replacement of the regime by a civilian-military government which could lead the country back to democracy.

Sr. Frei's new combative attitude, and the common experience of organising resistance to Gen. Pinochet's snap plebiscite, has in the opinion of political analysts here brought about a new sense of unity with the Left, many of whose leaders here or in exile have supported Sr. Frei's call.

British Ministers take the Latin American shuttle

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

IN AN unprecedented burst of interest in Latin America, the British Government is sending ministers to the area these days at the rate of one every three weeks.

As government and business reassess the prospects in the region, Mrs. Thatcher has wheeled out her big guns, her medium artillery and her supporting arms in an effort to obtain political and economic benefits in a part of the world which has never delivered the goods Britain hoped for.

The British interest and attention reflect similar activity and attitudes throughout Western Europe. The senior figures who have gone to Latin America or are on their way include Lord Carrington, the Foreign and Commonwealth Secretary, Sir Keith Joseph at Industry, Mr. John Nott at Trade and Mr. Peter Walker at Agriculture, Fisheries and Food. This week Mr. David Howell, the Energy Secretary, is there.

As he wrestles with the colonial legacies of Belize and the Falkland Islands, Mr. Nicholas Ridley, the junior Foreign and Commonwealth Office minister charged with Latin American and Caribbean affairs, shuttles constantly back and forth. And a number of ministers of state and parliamentary secretaries in departments from energy to defence have just come back from visits or are on the point of going.

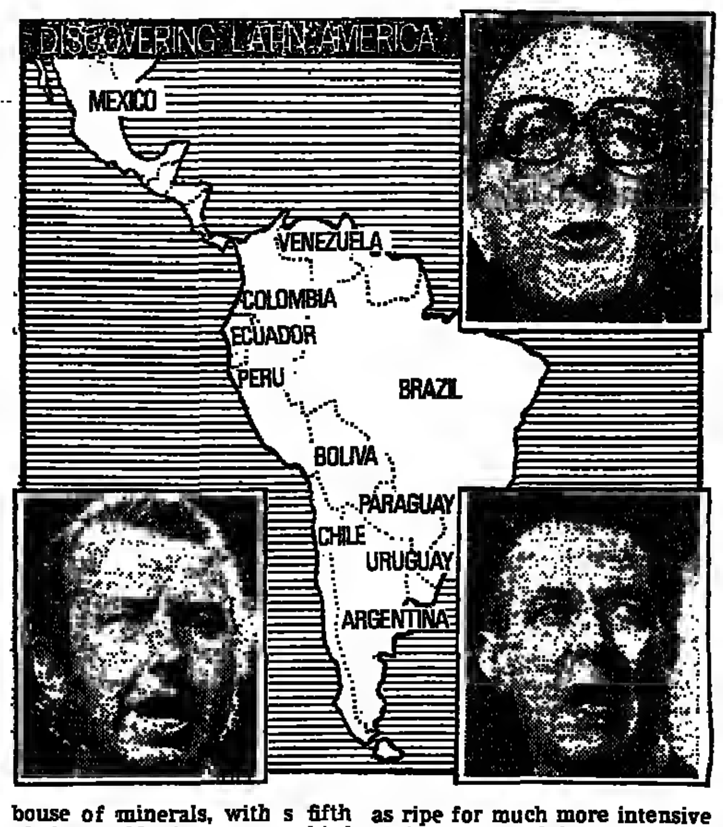
From May this year to December some 12 ministerial visits will have been completed, not counting trips by non-governmental personalities like Lord Limerick, chairman of the British Overseas Trade Board.

The same renewal of interest on Latin America is visible in the rest of Europe. Swedish industrialists for instance, claim that there are so many Swedish-owned factories in São Paulo that the Brazilian city is third in importance, after Stockholm and Gothenberg, for Swedish industrial production. And Swedish business is keen for still greater involvement in the region.

At the other end of Europe the Spaniards are trying to capitalise on their cultural and historical connections with Latin America and their prospective entry into the EEC to sell Spain to the Latin Americans as a key to European-Latin American trade. Despite the intense personal interest and enthusiasm of King Juan Carlos, the success of their initiatives is patchy. But they are not giving up yet.

The renewed business interest in the region is due to a combination of many factors. Latin America has benefited from the disenchantment of many businessmen with trade prospects in the Middle East, particularly since the fall of the Shah. Exporters have realised that there is a limit to the goods the tiny populations of the Gulf states can import, despite their considerable oil-based riches. With more than 250m people Latin America is a much bigger market for imports than the Arab world. There is a growing understanding that Latin America is the most sophisticated mass market in the Third World, and is considerably closer culturally to Europe than most of Africa or Asia.

A further factor is that Latin America is seen to be a store-



house of minerals, with a fifth of the world's iron ore, a third of its copper and more than a third of its bauxite under its soil. The Mexican oil and gas reserves whose proven size is constantly increasing, have encouraged the optimists among the energy experts, who see the region as a big new energy source.

These experts argue that Latin America has only to be prospected as thoroughly as its northern neighbour to yield vast new quantities of hydrocarbons.

Latin America is also viewed as ripe for much more intensive agricultural exploitation. Out of the 575m hectares of cultivable land in the region only 170m are today being farmed, none of it with much intensity.

But Europe's expectations of Latin America are tempered with anxiety. Storm clouds are gathering over Brazil. Businessmen who a decade ago were caught up in the euphoria of the "Brazilian miracle," when the country's economy was growing by more than 10 per cent a year, now urgently need to find out what went wrong and why.

Bankers who have lent heavily to Brazil, exporters who see the Brazilian Government decreeing rapidly growing protectionism as it wrestles with a big trade deficit, and importers who wonder whether they can continue to rely on Brazil as a source of goods and commodities, are all anxious for facts to act on.

For the British the situation in Brazil is particularly important. There are a number of very large and old-established British investments in Brazil. British American Tobacco, for example, has a near monopoly of the cigarette market in that enormous country of 120m people. Brazil is Britain's best export market in Latin America and its biggest Latin American supplier. In the first seven months of this year Britain sold £157m worth of goods to Brazil and imported £235m. British banks are heavily committed there. Not least worrying is the state of the giant Açominas steelmaking project in the state of Minas Gerais. British business, led by Davy United and Morgan Grenfell, have taken a major part in this multi-billion dollar project, but now Açominas is going very badly wrong. Government austerity measures have meant there is not enough money to pay the workforce needed to assemble the heavy plant pouring in to Belo Horizonte from European suppliers; the scheme is falling behind schedule and some of the unassembled plant is in danger of deterioration.

The British Government is in a quandry about Brazil and its impending economic crisis. This has been reflected in recent contradictory statements by

UK TRADE WITH LATIN AMERICA

	1978 (£m)	1979 (£m)	1980 (first six months) (£m)
Exports	950	1,021	510
Imports	778	1,003	538

PRINCIPAL MARKETS

	Imports to UK (£m)	Exports from UK (£m)
Brazil	400	286
Venezuela	100	137
Chile	131	45
Mexico	36	134

official spokesmen. Government opinion is divided between those who want a hard commercial line taken towards government they consider overprotectionistic, spendthrift and irresponsible, and those who want more understanding shown to Britain's biggest trading partner in the region.

Things are happening on the political front too, and the Europeans have begun to work out a political strategy for the region.

At the multilateral level in the framework of the EEC, progress has been slow. The European countries seem to want to act independently in the region. West Germany is the West European power most actively involved in Latin America. The three main German political parties maintain intimate relations with their confreres in Latin America through the political foundations they run. The most important is the Social Democrats' (SPD) Friedrich Ebert Stiftung, with a network of offices and bright young politicians in many of the more important Latin American capitals. The SPD President, former Chancellor Willy Brandt, is also president of the Socialist International, which has been increasingly prominent in Latin America in the last few years.

The European Christian Democrats are also deeply interested in the fate of their political comrades in Latin America. This interest is expressed powerfully through the World Christian Democratic Union, based in Rome.

Nor do Europe's socialists and Christian Democrats always see eye to eye with Washington over Latin American affairs. This year the State Department has been particularly upset by European political involvement in Central America and Puerto Rico which the U.S. perceives as meddlesome and muddle-headed. But there is no sign of this involvement abating.

Despite Lord Carrington's initial coolness to the Sandinista government which replaced the Somoza dictatorship in Nicaragua last year, officials insist that Britain, like Germany, now wants a much closer relationship with the new government in Managua. Conversely Britain acted very rapidly when the military seized power in Bolivia in July, to cancel, probably for good, the long mooted scheme to loan £20m to the Bolivian mining industry.

When the Thatcher Government first took office a freshly appointed minister was heard to say he had to find an atlas to locate Latin America. That is not the sort of remark Mrs. Thatcher's men are making these days.

Billy Carter hearings finish

BY DAVID BUCHAN IN WASHINGTON

THE SENATE panel investigating Mr. Billy Carter's Libyan links and the Administration's role in handling the affair has ended its public hearings, without apparently unearthing any skullduggery, though it has raised some issues of judgment.

The final public hearing on Wednesday was saved from total anti-climax by a sharp exchange between Mr. Zbigniew Brzezinski, the last witness, and Senator Strom Thurmond, a Republican member of the panel who openly questioned the National Security's Adviser's motives in his two dealings with Mr. Billy Carter.

The Senator accused Mr. Brzezinski of, first, using Mr. Billy Carter as a go-between with a top Libyan diplomat in talks about the hostages in Iran and, second, of trying to deter the President's brother from entering an oil deal with Libya in order to protect "the political fortunes of the President."

Mr. Brzezinski hotly denied that this was his guiding motive, calling the allegation "a highly improper insinuation, an innuendo not justified by the facts."

The exchange merely brought out the highly political nature of the whole inquiry. But though the Senate Committee is now to produce its report on October 4—just one month before the Presidential Election—it seems unlikely to provide Republicans with heavy political ammunition against the President.

Senator Charles Mathias, a moderate republican on the panel, commented yesterday: "My concern has been shifting from whether everything was done with propriety to whether everything was done with competence."

Officials like Mr. Brzezinski and Mr. Benjamin Civiletti, the Attorney General, have admitted errors of judgment—such as the use of Mr. Billy Carter as a diplomatic go-between in a way that might have led the Libyans to believe the President's brother had real influence in Washington and was worth the $220,000 (£92,000) they loaned him—but they have not admitted any wrong doing.

The public hearings were held in the marbled Senate Caucus Room, the scene seven years earlier of the Watergate investigation. But there the parallel stopped. The hearings produced little new evidence and much repetitious questioning that scarcely made front-page news.

The October 4 report may well include some sharp criticism of the Administration. But, with hindsight, the main effect of the whole affair may have been to give President Carter's political fortunes a very rough ride just before the August Democratic convention at which he won renomination.

Cuba to return hijackers

CUBA said yesterday it was returning to the U.S. two men who hijacked an airliner from South Carolina on Wednesday, instead of jailing them in Cuba, Reuter reports from Havana. They were being handed back to the U.S. with the aim of stopping air piracy that was threatening hundreds of innocent people, the official newspaper, Granma, said.

Guadeloupe bomb kills policeman

By David White in Paris

M. PAUL DIJOUD, Minister for France's Overseas Territories, said yesterday that the French West Indian island of Guadeloupe was "perfectly calm" after a night of explosions in which a police munitions expert was killed.

The officer died while trying to defuse a bomb placed under the wing of an Air France Boeing 727. Three other bombs went off, believed to be the work of the Armed Liberation Group (GLA), which has claimed responsibility for four other attacks since March this year.

M. Dijoud said that although France had no tangible evidence of foreign interference, it was believed that those responsible for the attacks were trained abroad and received outside help.

Liberal MPs back Trudeau

BY JIM RUSK

MR. PIERRE TRUDEAU, Canada's Liberal Prime Minister, appears to be sure of the support of the Parliamentary Liberal Party if he goes ahead unilaterally with his plan to give Canada a constitution of its own. At present the British North America Act, passed by the UK Parliament in 1867, does service as a constitution for Canada.

Mr. Trudeau failed to convince the premiers of the 10 Canadian provinces at a conference last week to agree to the change. The situation was discussed by the Parliamentary Liberal Party at a meeting after which the chairman, Mr. Jacques Guilbault, said: "The caucus is pretty hawkish. The guys are not satisfied with the way the constitutional conference ended up."

Mr. Jean Chretien, Minister of Justice and the Cabinet member responsible for constitutional questions, said that the Cabinet would make a final decision on what to do next, and that the decision would be announced before the end of this week.

Some ministers are known to want to do more than merely "patriate" the constitution — meaning to ask the British Parliament to surrender responsibility for the British North America Act to the Canadian authorities.

Since the constitutional debate was revived by the defeat of the separatists in the Quebec referendum in May, the Federal Government has hinted that besides "patriating," it wished to entrench in the constitution a Bill of Rights, including guarantees for the language rights of French Canadians in provinces other than Quebec, and the rights of the English minority in that province.

Unilateral action might involve an early recall of Parliament which would otherwise return from its summer recess on October 15, as well as legislation for a Canada-wide referendum on constitutional reform. If he decides on that course, Mr. Trudeau would face strong opposition from at least eight of the 10 provinces, judging by statements from their premiers.

Mr. Jean Chretien.

ENERGY REVIEW: NEWFOUNDLAND'S OFFSHORE OIL

BY PAUL BETTS

Constitutional row delays production

HOTEL accommodation is hard to come by in Newfoundland these days. Unless booked well in advance, visiting businessmen to the island's small capital of St. John's, North America's oldest city which overlooks the Atlantic Grand Banks, are shunted off by friendly taxi drivers to the Travellers Inn, a noisy and scruffy lorry drivers' watering hole offering red light entertainment deep into the night. But even there a visitor is lucky to find a room.

As Canada's developing new oil frontier, St. John's is already undergoing something of a mini boom. On the surface at least there are all the signs of growing prosperity on the island regarded only recently as "a poor bald rock" and whose remoteness and individuality has been the source of countless jokes including the old Canadian favourite that should the world end at midnight it would end at 12.30 in Newfoundland because of its curious half-hour time difference.

St. Johns Airport is becoming as busy as any major international airport. A shopping mall, the largest east of Montreal, has now been completed. The harbour has never been so active since the last war. Rents and house prices have risen by more than 20 per cent during the last 12 months. Newfoundlanders who once left to find work on the mainland are coming back.

But all this activity in what has traditionally been Canada's poorest province — with the highest unemployment and the lowest per capita earned income in the country, with the highest birth rate and the lowest death rate—has been matched by a profound sense of uncertainty, for since the discovery of oil, the Canadian Federal Government, the provincial authorities and the big oil companies have been locked in a bitter poker game with the stakes becoming increasingly large.

For the first time, senior oil executives gave detailed indications of the potential of the offshore resources of the Grand Banks at a conference in St. John's at the end of August. According to Mr. Robert Meneley, of Petrocanada, the Canadian state oil concern, the east coast of Canada was now on the brink of offshore development "unparalleled by anything that has gone before anywhere in Canada."

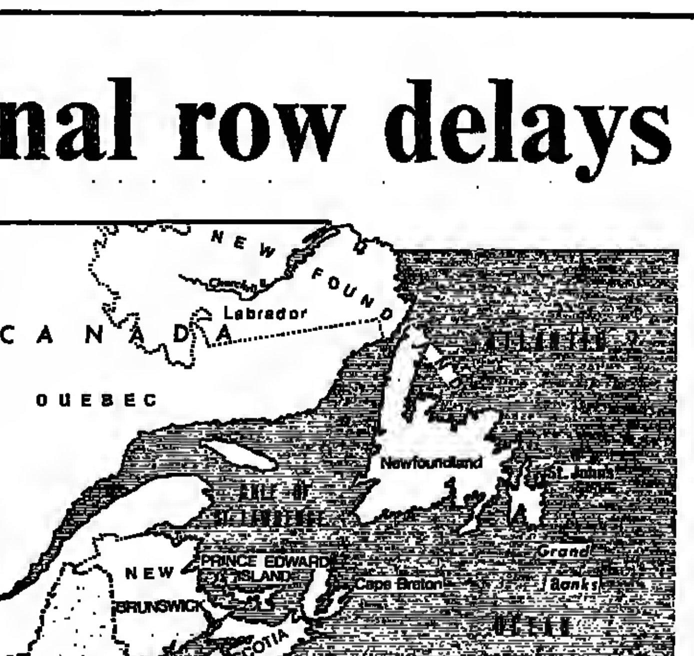
Mr. Harry Carlyle, senior vice-president (exploration) of Gulf Canada, one of the companies, together with Mobil — the main operator — and Petrocanada, active in the Grand Banks, said: "The Grand Banks could contain potential reserves of 10bn barrels and potential gas reserves of 15 trillion cubic feet. We believe individual oil accumulations of 1bn to 2bn barrels each are likely and we may in fact have discovered one such field at Hibernia." Promising gas finds have also been made off the coast of Labrador, although the Sable Island area off Cape Breton in Nova Scotia is expected eventually to become east Canada's main offshore gas source.

The Hibernia field has so far proved the most encouraging discovery since exploration on the Grand Banks started in 1966. At the end of last year the discovery well — P15 — on the Hibernia structure some 200 miles off the coast showed production rates exceeding 20,000 barrels a day, making it the biggest oil well in Canada. Two delineation wells nearby have also flowed encouragingly.

Comparisons

All this, the oil companies claim, could eventually add up to what has already been called "the next North Sea." Mr. Carlyle said the Hibernia structure contained "a major oil accumulation, probably in the billion barrel range" and suggested that a good analogy with the northern Grand Banks area was the Brent Basin of the North Sea. Both are about the same size, some of the structures are similar and some of the reservoir rocks the same age. Moreover, recoverable reserves in the Brent Basin are about 10.7bn barrels with reserves of individual fields about 3bn barrels.

Assuming the discoveries are commercial and can be brought into economic production, Mr. Carlyle estimated that production in the Hibernia structure



could begin at around 50,000 b/d in 1985-86 if approval to go ahead with the development were granted next year. "And with the potential we see in this basin, production could be up to 300,000 b/d in 1990."

But at this stage at least, it seems highly unlikely that production will begin shortly. The collapse of the complex talks last weekend between the Canadian Federal Government and the provinces to attempt to reform the country's constitution is likely to delay the eventual development of hydrocarbons lying off the Atlantic coast.

The issues included conflicting claims by Newfoundland and Ottawa over jurisdiction and ownership of the offshore mineral resources of eastern Canada. The oil companies have emphasised that while the dispute has so far not affected the exploration phase, it would clearly affect development. "Because of the jurisdictional uncertainty and the tremendous cost of production facilities, the oil companies must have assurances of a fiscal regime which will warrant making these multi-billion investments." Mr. Carlyle said.

Although oil operators are confident that the problems of the Grand Banks physical environment — including the danger of icebergs, sea ice, storms, high winds and swells —can be overcome, the cost of developing floating production systems would be huge. Indeed, production costs in Newfoundland are expected to be more than double those of the North Sea.

At present, the oil companies have had to accept two different sets of Federal and provincial regulations. Of the two, the provincial regulations are tougher and include a basic royalty of 10 per cent, plus an additional royalty running up to 20 per cent on production of over 250m barrels a year. Although a 25 per cent minimum return on investment is allowed before royalties are imposed, the province also maintains the right to buy a 40 per cent working interest in on all leases. All this would effectively give the province nearly half of the gross revenues from Hibernia.

For its part, the Federal Government under current regulations now under review would take a 10 per cent royalty plus corporate income taxes. The Federal regulations also require a 25 per cent Canadian participation in any development lease. But new regulations under consideration could increase Federal royalties.

While either of the two systems would probably leave oil companies with reasonable profits, development would be unviable if the companies had to meet both claims at the same time. And although this is accepted by both Federal and Provincial Governments, the two parties at this stage appear in no mood to compromise.

There is a further complication. Both Newfoundland and the oil companies are also bargaining for substantial increases in Canadian wellhead prices. At present the domestic price of C$16.75 is less than half the world price. The province and the oil companies would like domestic prices to be lifted to about 90 per cent of the world price.

In the view of Newfoundland, the Federal concessions on jurisdiction amount to no control at all for the provinces. Mr. Brian Peckford, Newfoundland's outspoken and abrasive Conservative Premier, said recently the province had no intention of compromising on what it sees as its rights. "If one of the two sets of rules has to be dropped, it will be theirs. Anyway, one does not negotiate a right."

Mr. Peckford, a 38-year-old schoolteacher, has led during the past three years the province's campaign to control its offshore resources and future development on the lines of his slogan "In our way, in our bay." As Energy Minister in the previous provincial Cabinet, he forced oil companies to accept tough regulations. Apart from the basic issue of royalties, these regulations enable the province to set the pace of development, to give preference to locally owned companies and to give priority to local people for new jobs. The regulations also stipulate that once oil and gas production starts, the province will have preferential access to it for industrial purposes such as refining and petro-chemicals.

Precedents

The advent of oil could now give Newfoundland a new chance, according to Mr. Peckford. "And we do not intend to waste it this time." His claims to about 80 per cent of eastern Canada's offshore rights are built on precedents dating back to the early 17th century. Moreover, the province asserts that when it entered the Canadian Confederation in 1949, one condition was it maintained all its mineral rights. The Federal Government, however, points to a 1967 Supreme Court decision which denied claims by British Columbia to offshore rights. But Newfoundland says this is not relevant because British Columbia was never an independent dominion.

Mr. Peckford says he wants Newfoundland to reap the full benefits from oil at the same time as controlling development which could turn out to be a mixed blessing for the island. In a speech recently he said: "Even if there are commercial deposits, our future viability is not assured. We must wrestle with its impact on our land and people. We must wrestle with its impact upon our most important resource — our fisheries." The province does not want a "boom-or-bust" situation to develop.

Indeed the province is deeply concerned about the effects of oil developments on fisheries, both for environmental and social reasons. Drilling, increased shipping traffic and possible oil slicks could all conspire to damage the fishing ground while higher wages in new offshore oil businesses could severely drain labour from the fishing industry.

How does all this leave the oil companies? Senior officials of Mobil, the main operator in the Hibernia field, said they had so far managed to side-step the dispute by operating under exploration permits from both level of governments. But they unambiguously indicated that the company would not start work on production facilities until the conflict is settled.

Indeed, Mobil appears to have gone a step further. It is threatening to take the Federal Government to court in an attempt to force the issue and get a final ruling. But on the foggy island of Newfoundland all this smells of tactics and strategy. The suspicion is that Mobil, by taking the Federal Government to the Supreme Court, effectively hopes to lose the case. This would confirm Ottawa's claims on offshore rights and the Federal regulations on oil development are at the present time far less rigid than those of the province.

Japanese groups to stop Iran oil imports

By Charles Smith, Far East Editor, in Tokyo

FOUR JAPANESE trading companies which have been importing heavy oil from Iran under deals signed early this year will cease to do so when the contracts expire at the end of this month.

The heavy oil shipments are the resldue of the more important trade in crude oil which was suspended in April when Iran demanded, and Japan refused to accept a price increase that would have taken the cost of Iranian light crude to $35 a barrel.

Iran began refusing to load Japanese tankers when the trading companies rejected the price increase. It continued to ship heavy oil to Japan but will have to cease supplies from the end of this month unless the Japanese companies agree to renew or renegotiate their contracts. So far there is no indication that the companies—Misui, Marubeni, Mitsubishi and C. Itoh—are in any hurry to do this.

One of the companies said yesterday there were political as well as economic reasons for not reopening talks with the National Iranian Oil Company (NIOC) Despite this, it looks as if contacts will at some time be resumed. NIOC is understood to be anxious to supply both heavy oil and naphtha to Japan, whether or not trade is resumed in crude oil.

The contracts provided for the shipment to Japan of about 2.8m tons of heavy oil over a nine-month period. The Japanese buyers agreed to accept a relatively high figure for the deliveries as part of a package under which crude was also to be supplied.

If a new import contract is eventually negotiated for heavy oil alone, or for heavy oil and napbtha, Japan would almost certainly want to reduce the quantities to be shipped below those in the present agreement.

Japanese traders involved in oil dealings with Iran say NIOC theoretically has the right to claim compensation from Japanese oil importers for their refusal to accept the Iranian price demand of last April. So far, however, NIOC has not hinted that it plans to seek such compensation. Any attempt by the Iranian's to take legal action against Japan would presumably block the opening of negotiations on a new sales contract.

The four sales contracts cover the bulk of Japan's remaining imports of oil and oil products from Iran. Some smaller contracts, however, will remain active for a few months longer.

Richard C. Hanson reports: Toyo Kogyo, the maker of Mazda cars, is discussing the possibility of providing Ford Motor 150,000 diesel engines a year for a new car model expected to be introduced in the U.S. in 1983.

Ford acquired a 25 per cent equity share in Toyo Kogyo earlier this year.

ABC ships cut swathe through big operations

BY WILLIAM HALL, SHIPPING CORRESPONDENT

ONLY TWO years after Mr. Tsvi Rosenfeld's ABC Containerline burst onto the Europe/Anstralia and New Zealand shipping scene, his unconventional ideas bave enabled him to make substantial inroads into the market share of the established operators.

Initially, the shipping conference lines dismissed Mr. Rosenfeld's incursion into their tightly knit trades as a temporary phenomenon. His fleet of 15 bulk carriera under the umbrella of Antwerp Bulk Carriers (hence ABC), was underemployed, so Mr. Rosenfeld decided to fill them with containers. Once the bulk trades improved Mr. Rosenfeld would be off and away, or so it was thought.

But the bulk trades have improved and, far from withdrawing, Mr. Rosenfeld is ordering more tonnage for the Europe/Australia/New Zealand run, much to the consternation of the long established shipping consortia, of whicb Britain's OCL and Associated Container Transportation (Australia) are the most important.

ABC Containerline owns four combined bulk/container carriers wbich bave all been built over the past couple of years. These ships are just over 40,000 dwt, can carry up to 1,500 containers and 30,000 tons of bulk cargo. ABC also bas two pure container ships on long term charter which can carry just over 700 containers apiece on average.

ABC's fleet operates a round-the-world service between Europe, Australia and New Zealand, the U.S. Gulf and back to Europe. The key to its success to date is a lucrative 15 year contract with Du Pont de Nemours to carry mineral sand from Australia to the U.S. ABC's ships carry containers down to Australia, mineral sand to America and containers back to Europe.

This week's decision by the New Zealand Wool Board to end its longstanding agreement with the conference lines is an indication of the pressure ABC is bringing to bear.

The company is also helped by the fact that it has some cheap ships and they are equipped with economical slow speed diesels.

Although ABC is rather coy about revealing financial information about itself, it is benefiting from the fact that two new 41,000 dwt bulk/container ships now on order at the Belgian Cockerill yard carry 85 per cent Belgian Government financing.

ABC is also negotiating the purchase of two more ships costing around $150m in total from Levingston Shipbuilding of Orange, Texas.

This last contract, which has not yet been signed, is particularly interesting since ABC Containerline has managed to persuade the pension fund of a U.S. trade union, the Marine Engineers Beneficial Association (MEBA), and the shipyard to pnt up the majority of the equity for a joint venture, First American Bulkships, which will own the two U.S. flag ships.

ABC has taken advantage of the U.S. Government's interest in increasing the size of the U.S. flag bulk shipping fleet. It hopes to get a subsidy of up to 50 per cent of the cost of the ships ($78m apiece) and will be able to finance the majority of the cost with 25 year money guaranteed by the U.S. Government.

The equity of $14m per ship will be provided by MEBA (50 per cent), Levingston Shipyard (30 per cent) and ABC (20 per cent). Once operating, the ships will be eligible for an 87½ per cent operating subsidy from the U.S. Government.

The fact that no other U.S. owners are prepared to build U.S. flag bulk ships at the moment is glossed over since ABC feels that its combined container/bulk concept is a successful formula which the other container ship operators will have to follow.

Certainly, the combination of ABC's cheap and fuel efficient fleet of six Belgian built ships, will prove strong competition for the conference lines' older vessels. The unknown factor is whether ABC has the financial muscle to sit out a prolonged rate war with the conference lines. They are not going to allow their market to be taken from them without a fight.

Brazil has new EEC agreement

THE EEC yesterday signed a five years co-operation agreement with Brazil, which sets np a commission to further economic ties. The agreement replaces an accord signed in 1974, Reuter reports from Brussels.

Nearly a third of Brazil's exports go to the EEC. The main prodncts are coffee, soya cake, soya beans and iron ore. But EEC countries provide Brazil's major source of foreign investment with boldings worth $4.5bn (£1.9bn). Trade between the two has increased more than fourfold since 1970 to $7.7bn in 1978.

Rik Turner adds from Sao Paulo: Brazilian officials characterised the signing as "an agreement worth $8bn of trade." They noted that it will serve as a framework for discussion on areas in Brazil's economic development that EEC is interested in.

These include steel, aluminium and alternative energy sources. Brazil is a long-standing supplier of iron to the EEC, to an extent that restrictions have been placed on the trade. It has also deepened its penetration of the market for finished steel

But the restrictions on iron exports, and on exports of shoes and textiles to the EEC, are not mentioned in the agreement. Officials in Brazil are pessimistic about the possibilities of review.

British company wins £20m contract for Portugal grain plant

BY RHYS DAVID

SIMON-CARVES, part of Simon Engineering of Stockport, has been awarded a contract to build one of the world's biggest grain terminals near Lisbon, by the Portuguese State group, Empresa Publica de Abastecimento de Cereais.

The contract, which is due to be completed in two-and-a-half years, will be worth about £20m to Simon-Carves and its mainly UK sub-contractors for the design, supply, installation and commissioning of the plant. Civil engineering work, costing a further £15m, will be bandled by two Portuguese companies—Engil Sociedade de Construcao Civil, and Somec Sociedade Metropolitana de Construcoes Sarl.

The terminal is intended by the Portuguese group to replace outmoded facilities and will play a major part in the planned expansion of livestock rearing by Portugal which is at present a major food importer.

The Portuguese also hope to establish the new terminal, on the mouth of the Tagus, as a transhipment point for southern Europe and the Mediterranean, for grain from North and South America.

The system will comprise a 130,000 tonne reinforced concrete grain storage silo, three 1,000 tonne per hour ship unloaders, three 500 tonnes per hour barge and coastal vessel loading facilities and transfer and weighing equipment for a 1,250 tonnes per hour vehicle loading station. A central computer system will control the operation of the terminal and provide data on commodities in store.

Mr. John Burgess, managing director of Simon-Carves, said yesterday the company would make a reasonable margin on the deal in spite of the high level of the pound. Employment within the company, which specialises in grain elevators, rubber-making equipment and other large industrial process plant, could be doubled, however, with a more competitive exchange rate.

The company is at present engaged on its biggest ever contract, a £79m tyre factory for the Soviet Union and Mr. Burgess said the order book was bealthy. A contract worth £2.5m for two of the company's Simporter cargo unloaders was signed earlier this mooth with Soutb Korea and a major contract is in the final stages of negotiation with Morocco. It was also hoped to sell the system being supplied to Portugal to major ports in the USSR.

Credit arrangements for the Portuguese deal are still being settled, but full cover for the contract through the Export Credit Guarantee Department is likely to be negotiated.

Turnover at Simon Engineering in the first balf of the year rose by £21m to £155m and pre-tax profit was £365,000 higber at £7.6m.

Indonesia to build French helicopters

By Richard Cowper in Jakarta

INDONESIA and France will work together in producing the French Aerospatiale Super-Puma helicopter as part of an expansion in bilateral co-operation in building an armaments industry here.

Mr. B. J. Habibie, Indonesia's Minister for Research and Technology, said yesterday that equipment for production of French super Puma helicopters would arrive in Indonesia next month. The 22-seat helicopter, which can be used for both civil and military applications, will be produced under licence at Indonesia's Nurtanio factory in Bandung, around 140 kilometres south-west of Jakarta.

The agreement signed between France and Indonesia will provide a major boost to Indonesia's fledgeling aircraft industry. Indonesia already produces Spanish Casa C-212 Aviocar short take-off aircraft under licence from Construcciones Aeronauticas, and BO-105 helicopters under agreement with Messerschmit Bolkow Bohlm (MBB) of West Germany.

News of the Puma project came after talks with French military officials. The talks were aimed at expanding co-operation between the two countries on the development of Indonesia's armaments industry.

To date France has played a small role in the supply of arms and military equipment to the Indonesian armed forces but with recent sales of missiles to the Indonesian navy and now the puma helicopter license, France could well be set to expand its market further.

Atlanta's $750m air terminal unveiled

BY MICHAEL DONNE IN ATLANTA

A NEW $750m passenger terminal complex is being brought into use at the Atlanta's Hartsfield International Airport, the second busiest airport in the world.

After formal inauguration ceremonies yesterday, the new passenger buildings, set in the middle of the existing pattern of runways, will take over completely this weekend from the old congested buildings which were built in 1961.

Last year, nearly 42m passengers passed through Atlanta, ten times the numher the old airport buildings were designed to handle. This made Atlanta the world's second busiest airport after Chicago's O'Hare, which hnadled 48m passengers. By comparison Los Angeles international was the third busiest with 35m passengers while London Heathrow was the fourth busiest with over 28m passengers, in 1979.

The new buildings at Atlanta are capable of bandling at least 55m passengers a year. But provision is also made for expansion through the 1980s as air travel expands again after the recession to enable the airport to cope with up to 75m passengers a year, and there is scope for further growth into the 1990s with room for additional buildings and also a fourth runway.

The new passenger facilities comprise two main terminal buildings adjacent to each other, but linked by underground railway to four separate parallel passenger concourses spread over a vast area with a total capacity of up to 138 wide-bodied jet airliners at any one time.

The reason for this design was that about 70 per cent of the passengers using Atlanta are only changing aircraft there, making connections for other airlines and destinations.

Decline in British ship trade underlined

By William Hall, Shipping Correspondent

THE AMOUNT of UK overseas trade carried in British ships fell sharply last year. This is mainly due to the 11 per cent drop in the size of the UK fleet during 1979.

About 95 per cent of the country's trade (by weight) is carried by sea. Last year, UK imports rose by 3m tonnes to 157m tonnes, but the proportion carried by UK ships fell from 29 per cent to 27 per cent. In 1977, 33 per cent of UK imports were carried in British ships.

The volume of UK exports carried by sea rose by 19 per cent to 96m tonnes in 1979, but the proportion carried by UK ships fell from 37 per cent to 33 per cent.

The statistics are published in the latest issue of British Business and are part of an annual series on the nationality of vessels in UK seaborne trade. They will serve to underline the growing official concern about the rapid decline of the UK fleet, which over the last five years has dropped by a fifth in size.

With the build-up of North Sea production, the UK is becoming a major exporter of oil. Last year 53m tonnes was exported compared with 30m tonnes a couple of years ago. However, UK ships carried only 25.6 per cent of oil exports compared with 31.9 per cent in 1977. Norwegian, French and German tankers have all increased their shares.

In the bulk and dry cargo trades, the decline of the UK shipping fleet has led to a reduction in the share of the trade carried by UK vessels. The share of bulk cargo imports has fallen from 31.6 per cent in 1977 to 24.2 per cent last year. Norwegian and Greek ships are carrying a larger share.

BP director

MR. ROGER BEXON, 54, has been appointed one of British Petroleum's four managing directors. He is senior vice-president, oil and gas, with the Standard Oil Company of Ohio (Sohio), BP's U.S. subsidiary.

Homes crisis

A SURVEY of Northern Ireland housing shows that 14 per cent of homes are unfit for habitation, more than three times the proportion in England.

Education plan

TALKS on the possibility of developing a distance learning system of technical education on the lines of the Open University are to be started by Mr. James Prior, Employment Secretary, during the next few months.

Tootal reorganisation will cut another 750 jobs

BY RHYS DAVID

TOOTAL is to reduce its workforce by 750 in a further reorganisation of the group's UK manufacturing operations. This brings to nearly 3,000 the number of redundancies announced by the group this year, and will reduce its British labour force to only about 14,000 compared with 20,000 five years ago.

The cuts affect group clothing and printing operations in Greater Manchester and Glasgow, and are being blamed on the familiar combination of weak demand, high interest rates and strong competition from imports as a result of the high value of sterling.

In shirts, production of which has recently been concentrated in Greater Manchester with the closure of two London factories, Tootal is proposing to consolidate warehousing and administration at its Newton Heath plant.

Stitching operations at Newton Heath will be discontinued, with the loss of 150 jobs, but 70 new jobs will be created at Newtown, Powys, where men's handkerchief production will be centred.

With the market in shorts weak, Tootal is also proposing to close a factory in Bolton, which makes own brand lines, with the loss of 116 jobs. One of the factory's major chain store customers has recently reduced its order for shirts by 40 per cent.

Tootal is also further reducing its activity in fabric printing, where there is strong competition from importers, particularly from Italy and the U.S. Its small Wallace commission print works in Glasgow which supplies the furnishing trade is being shut with the loss of 164 jobs, and the number of shifts is being reduced from three to one at Strines, in Marple, Greater Manchester, the company's main print works.

The group is also to rationalise production and staff levels at Engraving and Roller Services in Levenshulme, its speciality manufacturer of print rollers. Redundancies at Marple and Levenshulme will total 255.

A small sheet hemming factory in Manchester is to be closed. This process will be transferred to Tootal's Osman factory in Bolton, and another small subsidiary, International Cotton Waste, is to be closed with the loss of 20 jobs.

Tootal's closures add to a list of 30 mills shut in the north-west during the first eight months of this year. Another 23 are due to close.

● Rochester Shirt Company is to close its factory in Londonderry, Northern Ireland, next week with the loss of 180 jobs. About 30 warehouse and administration staff will be retained.

BSC de-centralisation begins

BY ALAN PIKE

THE British Steel Corporation yesterday announced the first stages of de-centralisation into product-based profit centres which Mr. Ian MacGregor, its new chairman, regards as an essential step towards improved viability.

Mr. Gordon Sambrook, commercial managing director, will become chairman and group executive of a general steels group, and Mr. Jake Stewart, Scottish division managing director, will head a strip products group.

The general steels group will include responsibility for the manufacturing facilities of the existing Teesside division, Yorkshire and Humberside and the Scottish plate mills. Manufacturing facilities in the present Welsh and Scottish divisions—apart from the Scottish plate mills—the Strip Mills Product Unit and BSC Tinplate will come under the strip products group.

Mr. Sambrook and Mr. Stewart will have considerable autonomy, including the decision on where their divisional headquarters should be based.

Some union leaders have expressed concern about the lack of time available for discussion of the plan—which BSC intends to implement immediately. The Steel Industry Management Association expressed reservations about aspects of the plan when it was anounced yesterday.

● A decision on the future shape of steelmaking in Wales is unlikely for some months, according to Mr. Nicholas Edwards, the Welsh Secretary.

He told a Welsh TUC delegation that while he could not give categorical assurances that there would not be further reductions in Welsh steel capacity, no decisions were imminent. Mr. Edwards indicated he had recently held detailed discussions with Mr. MacGregor.

Fears have been growing in South Wales throughout the summer that BSC is moving towards the closure of either Port Talbot or—generally regarded as the more likely candidate—Llanwern.

New gilt funds boost unit trusts

BY TIM DICKSON

UNIT TRUST business last month was significantly boosted by hte new gilt funds which have been offered to investors.

Reporting total gross sales for August of £37.9m, the third highest monthly figure this year, the Unit Trust Association said yesterday that some £6.5m was attributable to the 10 gilt or gilt and fixed interest funds then on the market.

Units cashed in during August were appreciably down on the July figure (£42.4m) and below this year's monthly average (£33.7m) leaving net new investment of £7.5m.

The latest results will be welcomed cautiously by unit trust managers who, in three monthly periods this year, have seen more money leave the movement than they have been able to attract.

Unit trusts investing in gilt-edged securities were not fully tax efficient for investors until the Finance Bill became law earlier this summer.

Previously such funds had to pay Corporation Tax at 52 per cent on their income—compared with the 30 per cent paid by investors putting money directly into gilts. The Finance Act clause, however, removed this discrepancy.

Cumulative figures published by the association show that in the first eight months of 1980 gross sales totalled £300m against £297m in the same period last year and £381m in the same period of 1978. Repurchases came to £270m (£252m and £187m) leaving net new investment of £29m (£45m and £193).

Final curtain for Merseyside co-operative

By John Elliott, Industrial Editor

ONE OF the long-running sagas in Merseyside's industrial history ends tonight when the last members of the old Kirkby Manufacturing and Engineering ...workers' ...co-operative lose their jobs.

It is eight years since they staged their first sitin.

The recession's impact on the engineering industry and on the industrial property market have proved too much for the factory's owners, IPD. It has decided to shut the premises and hope for better times.

The co-op's leaders, Mr. Jack Spriggs and Mr. Dick Jenkins have lost their jobs along with 16 other workers.

Mr. Spriggs, 45, has been earning about £4,500-a-year as the site manager since January, having spent most of the previous decade as a militant shop steward and convenor-director.

For most of this year he and his colleagues have been trying to use the 480,000 sq ft factory for warehousing. They even managed to cash in on the British Steel Corporation's labour troubles earlier this year by providing storage space for some imported steel, but the business has not become profitable.

The co-op itself died—and 600 jobs were lost—in the summer of last year when its radiator manufacturing and other engineering activities went into liquidation.

An American machinery dealer then took a short lease on the factory, retaining Mr. Spriggs and others as the site's guardians, until January when he had sold all the machinery.

Now, only the Meriden motor-cycle venture survives, somewhat precariously, out of the three co-ops founded with the help of Mr. Anthony Wedgwood Benn, then Industry Secretary, nearly six years ago.

Ironically, the Labour Party is considering whether a future Labour Government should give workers the legislative right to oust their owners and managers and turn their factories into co-ops with the help of State aid.

Men and Matters, Page 22

Suit over Hong Kong 'phone bill

By Our Hong Kong Correspondent

A LENGTHY dispute about how the revenue from long distance telephone calls should be split has led Cable and Wireless to sue the Hong Kong Telephone Company for HK$32m (£2.7m).

The final sum in contention could be much higher, since the figure covers only what Cable and Wireless claims is in overdue payment for April: it does not include unsettled accounts for May, June and July, as well as interest and other costs.

Under the current arrangement for splitting the revenue, Hongkong Telephone gets 22 per cent of the rates accruing to the Hong Kong end of circuits operating over more than 100 miles. Cable and Wireless gets the balance which it must share with the overseas telephone services involved.

All international telephone traffic from Hong Kong increased by 41.8 per cent last year and the charges involved came to HK$390m for the 12 months to March 31.

"It is clear that a disproportionate share of the revenue is lost to Hong Kong," a telephone company spokesman said.

Truck service economies 'threat to dealerships'

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

A STEEP drop in the number of trucks taken for routine servicing could have an adverse long-term impact on dealer networks.

Hauliers faced with increasing cash-flow difficulties are opting to take components from trucks laid up through lack of demand rather than have the vehicles still in use serviced in the normal manner.

Truck manufacturers have not had to face this problem before in the UK, and Mr. Erich Krampe, managing director of Mercedes-Benz (UK), maintained yesterday that it would affect "the capability of the automobile industry to satisfy the customer in years to come."

Mr. Krampe said the recession had given dealers cash-flow and cost problems.

"This has happened often before," he said.

"What seems to be different this time is that the workshops are empty. That means that, in addition to the other pressures, the necessary parts and service profits have vanished."

Many dealerships had become unprofitable as a result, he said. "They have stopped making investments, and even had to make skilled people redundant. Some have had to close."

This might rebound on hauliers when the market recovers—"in 1982"—because there would be fewer dealerships to offer truck servicing, and also a shortage of trained people.

"My estimate is that during the second half of 1981 the operators who try to switch cost pressure from now into some time into the future by not servicing and maintaining their vehicles will come back to the workshops.

"It will be then—when the reputation of the manufacturer is at stake—that the ability of the organisation to cope with the suddenly rising demand for service will be decisive for dealer, manufacturer and operator," Mr. Krampe said.

Mr. Krampe maintained that it will be the ability of manufacturers to provide adequate service back-up during the next rise in truck demand that will decide future sales increases and market shares, not the current "discount war."

Price-cutting in the UK was "unhealthy since it must destroy long-standing loyal customers' confidence, dealer profitability, and limit the capability of any organisation to cope with the customers' needs in the future."

Mr. Krampe suggested that the effect of any heavy discounting was limited because the purchase price of a truck accounted for only about 15 per cent of the total operating costs.

"It might help solve short-term cash-flow problems, but in the long run the real outcome is disastrous, particularly for the customer," he said.

Commercial vehicle sales drop

THERE WAS a 20 per cent drop in registrations of new commercial vehicles in August compared with the same month last year, according to statistics released yesterday by the Society of Motor Manufacturers and Traders, writes Kenneth Gooding.

The decline is expected to continue for the rest of the year. Some manufacturers are predicting a 12 per cent drop from last year's record level sales. By the end of August, registrations were down 9.3 per cent.

The deepening gloom was reflected yesterday in the decision by Seddon Atkinson, the heavy truck manufacturer at Oldham and Preston, to switch to a one-day working week next month.

Nearly every commercial vehicle assembly plant in Britain is working short-time. The exception has been the Ford factory at Southampton where Transit vans are made.

Meanwhile, imported vehicles are increasing their share of the UK commercial vehicle market. In August, they accounted for nearly 32 per cent of registrations, compared with 27.5 per cent in the same month last year. Importers captured 24.8 per cent of registrations in the first eight months of the year, compared with 23 per cent last year.

Price-cutting is widespread at the moment, and to some extent the relative improvement in the importers' position reflects their ability to offer larger reductions because of the high value of sterling.

The August total of 28,050 commercial registrations was 7,017 lower than a year ago. The January-August figure was down from 211,633 to 191,929.

Ford is the only UK-based manufacturer to increase its sales over the eight months, but its 1979 performance was distorted by a "hangover" from the long industrial dispute in the autumn of the previous year; Ford commercial vehicles were in short supply duirng early 1979.

Over the first eight months of 1980, Ford's registrations improved from 59,539 to 62,031. BL's total was down from 47,383 to 38,707, and Bedford's down from 39,267 to 28,466. Dodge Trucks' sales fell from 10,129 to 9,088.

Manufacturing investment falls

BY DAVID MARSH

A WIDENING gulf between investment spending by the manufacturing and service sectors of industry has been highlighted by figures published yesterday by the Department of Industry.

The volume of investment by manufacturing industry fell by 5 per cent in the first half of the year compared with the final six months of last year. Spending by the service and distributive sectors was about 2 per cent higher.

The sharp drop in manufacturing spending reflects the far greater impact of recession on companies in this sector than on those in the service industries.

Comparing investment by individual industry groups in the first half of this year and the second half of 1979, the biggest falls, of about 20 per cent in volume terms, were recorded by the iron and steel, textiles, leather and clothing industries.

Spending by the instrument and electrical engineering sectors fell by 16 per cent. Investment by the vehicles industry was down by 9 per cent and by mechanical engineering, shipbuilding and metals goods companies by 7 per cent.

Spending by the chemicals group seems to have remained broadly flat since 1978. There was also little change among other sectors in the second half.

The overall figures for total second-quarter industrial investment was hardly changed from the provisional estimates released last month. Manufacturing spending at constant 1975 prices was £902m, seasonally adjusted, £30m below the earlier estimate and 5 per cent below the first quarter.

There was an offsetting revision for investment by service and distributive industries (excluding shipping). This amounted to £1.49bn at 1975 prices, £33m more than the provisional estimate and 3 per cent above the first quarter.

Yesterday's Department of Industry figures also confirmed the provisional estimate of a £900m drop in stocks by manufacturing industry, wholesaling and retailing in the first half.

GPs encouraged to buy computers

BY JASON CRISP

THE BRITISH Medical Association is encouraging doctors to buy computers for their surgeries.

In a report out yesterday the BMA urges s cautious and evolutionary introduction of computers into general practice which, at first, would probably only be used for the most basic record-keeping and the business management of the practice.

Doctors, and patients, would not have much contact with the computer at first, says the study. Doctors should not be expected to know how the equipment works or to learn how to typa but merely have the machines as a business aid. Clerical staff would use the equipment.

The BMA does not believe manual records will disappear in the foreseeable future, because the small computers it thinks most suitable for family doctors cannot store enough data; nor does it see a need for a completely computerised record.

The study found that most GPs it questioned were strongly against having terminals connected to a central computer which would hold all the information from each practice within one area.

The type of computer the BMA is suggesting is increasingly used by small businesses and professional organisations.

The BMA study selected four main types of system which GPs could buy. The first, costing less than £3,000, would run the basic business and administrative work of the practice and a register of the patient list and could probably be used for appointments.

A more complex system would enable GPs to keep registers on problems and diseases, repeat prescriptions, patients "at risk," medications records.

A third type of system would record medical information on the patients as they were consulted by their doctor and would be able to provide information on how drugs interacted.

A fourth—costing up to £200,000 and most unlikely to be used—would have the ability to search for records and conduct detailed analysis.

Hazel Duffy sees conciences apparently pricked

Goodwill is not enough for Consett

THE CONSETT steelworks closure seems to have pricked the conscience of the Government and the British Steel Corporation more deeply than all the other recent steel closures.

This may help to explain the readiness of politicians, civil servants and the BSC to give a fair hearing to the consortium of businessmen which says it wants to buy Consett.

In the past month or so three representatives of the consortium have found the doors of senior officials of the Department of Industry open, and yesterday they also had an hour-long meeting with top executives of BSC.

Meanwhile they have received an indication of support for a private-sector solution to Consett from Sir Keith Joseph, Industry Secretary, and, by implication, even from the Prime Minister.

Further, this week at a Press conference Mr. Bill Sirs, the Iron and Steel Trades Confederation's general secretary, sat beside Mr. Christopher Logan, the spokesman for the consortium, to give his blessing to the project.

In spite of all this goodwill and the undoubted sincerity of the consortium the odds on it succeeding must be a lot worse than the 50/50 which Bill Sirs put on it this week. Why?

● First, of whom does the consortium consist? The only names that have surfaced so far are those of Mr. Logan, who works for Logica, a systems and consultancy group; Mr. John Carney, a researcher at Durham University shortly to start work as a development officer with Consett urban district council; and Mr. John O'Keefe, who runs a scrap business in Gateshead.

A list of the other consortium members was submitted to the Department of Industry two weeks ago. However, it was admitted at the time that they had not necessarily committed themselves to putting cash into the venture.

Certainly these companies which have confirmed that they have been approached by Messrs. Logan, Carney and O'Keefe have said specifically that, while willing to give advice, they would not commit cash to steelmaking in the present climate.

This raises the question of how much money the consortium could find. Mr. Logan says he could "lay his hands on £1.5m." But would that be enough to interest BSC? After all, if BSC was to allow a competitor into the market, would it not want reasonable compensation into the bargain?

● Secondly, who would buy Consett steel? The quality of Consett steel billets has been good but most of its traditional customers are being supplied from elsewhere.

According to a survey Mr. Carney conducted for the ISTC, 400,000 tonnes of Consett steel went to other BSC plants around the country. Another 280,000 tonnes went to a variety of customers, many of them steel-processors.

The largest customer on this list was Darlington and Simpson rolling-mills, half-owned by BSC, which says it is being supplied from other BSC sources. Other customers—Manchester Steel and GKN for example—have also moved to other sources. The consortium would have to win back these customers as well as finding many new ones to replace the BSC outlet.

Mr. Logan says this could be done by winning back those markets which BSC lost to imported steel and by exporting more aggressively. This might be possible through a productivity agreement which it plans to conclude with the unions. The agreement involves the loss of 800 jobs, which would bring productivity up to West German standards.

In the event of the plan progressing, however, would Consett workers be convinced that this consortium could offer them a long-term future?

To know the social catastrophe presented by the Consett closure is to understand the reason why BSC agreed to meet the consortium.

Sir Keith is also known to have been particularly worried by Consett, although in offering "support" without financial help he is doing no more than confirming the Government's expressed desire to see the private sector playing a bigger part.

But from this point to that of a successful takeover by a consortium of well-meaning businessmen is a very big step. It would be foolish to raise the hopes of Consett too high.

National Express reduces coach fares

By Lynton McLain

MORE THAN 70 stand-by express coach fares—ranging from £1 to £6 single—for journeys between towns throughout England were announced yesterday by National Express, part of the state-owned National Bus Company.

The £1 fare will apply on the Liverpool to Manchester coach route, where the fare is £1.95. It will take effect on Sunday, as will the other new fares.

The British Rail single fare on the route—before today's expected increase of 20 per cent—is £2.11.

The action by National Express to reduce fares and improve inter-links between its services from different parts of the country—with cuts of up to 90 minutes in journey times—comes a day after the British Coachways consortium of private operators announced a £2 single fare on the London to Birmingham route.

British Coachways, which includes the Wallace Arnold group and five other independent coach companies, plans to start its cheap fare services on October 6. This is when licensing arrangements for express coach operations are to be relaxed under the Transport Act, 1980.

Mr. John Birks, the controller of National Express, said the change in legislation had contributed to its decision to reduce fares.

But he also said the impact of the recession had made the company cut fares.

But National Bus Company had already started a "market analysis project" before the Government introduced its plans to de-regulate coach operations.

The project showed that the company had scope to reduce its fares and increase passenger volu

European military balance 'shifting to Warsaw Pact'

FINANCIAL TIMES REPORTER

THE EAST-WEST military balance in Europe is in general moving steadily in favour of the Warsaw Pact. But NATO defences are still powerful enough to make military aggression "appear unattractive" to the East.

These are two of the main conclusions drawn by the International Institute for Strategic Studies in its latest annual assessment of the military balance, published in London this week.

It is still too early to say whether NATO's long-term defence programme, designed to counter the shifting balance, will in fact produce the greater readiness and savings through co-operation that are called for, the institute says.

But the objectives are relatively limited in scope, could be attained in practice for the small increases in budgetary outlays to which most Alliance members have committed themselves up to 1980, and should serve to redress the worst of the imbalances, according to the institute.

The Warsaw Pact's advantage in European "theatre" nuclear weapons will become more pronounced in the next few years, the report adds. Not until Nato begins to deploy its American Cruise and Pershing missiles in 1983-84 can any substantial increase in its capability be expected.

The institute makes no predictions about the likely success of East-West negotiations on limiting "theatre" nuclear weapons, which could get off the ground as early as next month. But it says the West's political will to introduce the weapons and to modernise in general "may be difficult to sustain in the face of domestic and economic difficulties besetting the Alliance."

NATO defences are still of such a size and quality that any attempt to breach them would require a major attack, the institute believes.

The overall strategic balance between the U.S. and the Soviet Union, as well as maritime forces, must also play a vital part in the equation.

But while NATO has emphasised quality, particularly in equipment and training, to offset numbers, this is being matched by the Warsaw Pact. New technology has strengthened the Alliance's defences, but it is increasingly expensive.

"If defence budgets in the West are maintained no higher than their present level and manpower costs continue to rise, the Warsaw Pact may be able to buy more of the new systems than NATO. Soviet spending has been increasing steadily in real terms for many years. Furthermore, technology cannot be counted on to offset numerical advantages entirely," the report says.

In an analysis of the European "theatre" nuclear balance, the institute concludes that the Warsaw Pact has an overall superiority in the number of nuclear warheads that would arrive on target in a retaliatory second strike of the order of 3.1 to 1. But if American submarine Poseidon warheads are included in the NATO side, the ratio drops to about 1.5 to 1.

The Military Balance 1980-81, International Institute for Strategic Studies, 23 Tavistock Street, London WC2E 7NQ. £5.

Liverpool Daily Post is threatened

BY GARETH GRIFFITHS

THE LIVERPOOL Daily Post and Echo is to present a major programme of economies to its unions on Monday in an attempt to keep the Daily Post, its morning paper, open.

The company said yesterday that the Daily Post, one of Britain's longest-established morning provincial papers, would have to close unless "major cost reductions" were achieved. Both unions and management were reticent about possible cuts yesterday, but a 20 per cent reduction in staff across the company is believed most likely.

In a statement accompanying the Post and Echo half-yearly results, the directors said the papers had been trading at a significant loss every week in the third quarter of the year. The costs of both papers were far too high, and the statement puts part of the blame on the National Graphical Association's three-week strike at Liverpool in May.

Both papers have suffered from the economic depressions of their circulation areas. Classified advertising has been very low although rates were increased sharply at the end of July. The Daily Post's circulation is about 68,000, and that of the Liverpool Echo about 220,000. The equivalent figures for July to December last year were 75,000 and 240,000.

It is the Daily Post, the flagship of the newspaper group, that is the more vulnerable. The paper has two editions, for North Wales and Merseyside, the latter suffering the larger drop in circulation.

The company said closure of the Daily Post would be a last resort.

Company report, Page 28

Demand for oil products shows 14% downturn

By Ray Dafter, Energy Editor

DEMAND FOR oil products fell by 14 per cent in the first six months of this year, against the first half of 1979, according to Institute of Petroleum figures.

The amount of product delivered in January-June was 41m tonnes, almost 7m tonnes less than a year ago. The industry reports that the fall in demand has resulted from low economic activity, high prices and conservation measures.

Of the major products, fuel oil at 10.7m tonnes showed the largest half yearly decrease of 30 per cent. Fuel oil demand was hit not only by the economic situation but also by the switch to a higher coal burn by the Central Electricity Generating Board.

Transport fuels showed a slight increase. Sales of aviation turbine fuel rose by 2.9 per cent, petrol deliveries increased by 2.8 per cent, and Derv demand went up by 2 per cent.

Natural gas production totalled 16.1m tonnes, 14.2 per cent less than in the same period last year.

Martin Dickson adds: Saudi Arabia's decision to raise its oil price from $28 a barrel to $30 is unlikely to lead to immediate increases in UK products' prices.

Many of Britain's oil companies do not rely on Saudi crude and those that do — notably Esso, which relies on the country for some 40 per cent of its UK oil requirements—are unlikely to raise prices in present stock market conditions.

● BP Oil raised the price of pink paraffin by 2.6p a gallon from midnight and attributed this to an increase in the costs of producing this particular fuel.

Companies in south plan extra staff, says survey

BY JAMES McDONALD

HALF OF nearly 50 companies survey in the south and south-east of England have plans to recruit additional staff—in spite of the recession.

This is shown in a survey by Lock Management Personnel, recruitment and selection consultants. One company plans to recruit a large number of staff.

The survey, which excludes Central London, says areas of principal demand are: data processing, for systems analysts and programmers; engineering, for electronics engineers and technicians, production engineers and draughtsmen; and sales and marketing, for sales and service engineers and customer support staff.

Companies were finding difficulty recruiting analysts, programmers and visual display terminal operators in data processing, staff for drawing offices, and skilled shop floor operatives.

"This all seems to emphasise that the south east is less hard hit than the rest of the country, that there is a degree of confidence, and that despite high unemployment it is still as hard as ever to recruit in sufficient numbers people having specialist skills, be it in the office or on the shop floor," says the survey.

It says the lesson for this year's school leavers is to go to technical college, or attend other institutional courses in data processing and electronics.

The survey, primarily concerned with salaries, has found that most executives' salaries in the south and south-east increased by 20 per cent or more over the past year.

This may not apply to people who remained with the same employer during the period, says the survey. "But it is an indication that salaries generally accorded to employees in the categories covered have gone ahead in the year, often as a result of people changing

Companies surveyed employed a total of 18,000 people. It was found that some sectors—aprticularly in engineering and design benefited more than others. In those areas technical directors' salaries rose by up to 35 per cent over the year. A shortage of draughtsmen also led to increases of up to 25 per cent.

A national shortage of cost and management accountants skilled in defining and controlling manufacturing costs, together with a decline in the rate of student registrations in the past few years, resulted in salary increases of up to 35 per cent in this category, the survey found.

Salary Survey for the South and South East Region, Management Personnel, York House, Chertsey Street, Guildford, £25.

Toshiba may follow Nippon lead

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE GOVERNMENT is optimistic about the possibility of attracting more microelectronics investment to Scotland following the decision by Nippon Electric to set up a £40m integrated circuits plant at Livingston New Town.

Mr. Alex Fletcher, Scottish Industry Minister, said yesterday that U.S. and other Japanese companies had shown interest in establishing plants in Scotland. He would be following up leads during a visit to the U.S. this month.

Mr. Fletcher lunched yesterday with a study team from Toshiba, the Japanese electronics group which is looking at Scottish sites, but he declined to name other interested companies.

Nippon's decision establishes Scotland as one of the main centres in Europe for the production of microchips. There are already three major U.S. manufacturers — Motorola, National Semiconductor, and General Instruments—and all are expanding their capacity.

Scotland competed with the Irish Republic for the Nippon plant, which will create 800 jobs by 1984, but neither the Government nor the company will reveal the level of financial assistance offered by either the British Government or the Irish Development Authority.

However, Mr. J. A. Morrison, managing director of NEC Electronics UK, the sales and marketing subsidiary of Nippon, said the level of grants offered had not been the most important factor in choosing the location.

Nippon had decided against building the plant in Ireland, where it already has a microchip factory near Dublin employing 300 people, because of a shortage of skilled labour.

The plant, which will make advanced memory and microcomputer circuits, will have a capacity of 3m units a month when it reaches full production. It will begin assembling chips from imported components in 1982 and will move to wafer fabrication by early 1984.

Olivetti to offer computer range

OLIVETTI, the Italian office equipment group, yesterday announced the formation of Olivetti Computers (UK) to market a machine made by Hitachi of Japan and a range of computers which it claims offer better value than those of International Business Machines.

The machine built by Hitachi processes instructions at the rate of 10m a second, and costs about £1m less than an equivalent IBM machine. IBM is the dominant supplier, with over 50 per cent of the world market for computers.

Computing services

STEPHEN HOWE Consultants of New Malden, Surrey, has pointed out that it, in addition to the seven software houses mentioned in our survey of computing services on September 17, has been assessed to the highest level of Ministry of Defence quality assurance, Defence Standard 05-21. We apologise for the omission in the original article.

Insurance, pension funds increase holdings abroad

BY ERIC SHORT

INSURANCE COMPANIES and private-sector pension funds increased their holdings in overseas equities by more than £200m in the second quarter of this year, according to the latest edition of British Business, published by the Departments of Industry and Trade.

The insurance companies made a net new investment for their long-term funds of £105m in overseas equities, compared with £85m in the first quarter, while private-sector pension funds newly invested £114m net in these equities.

Net investment in UK equities in the second quarter by insurance companies and pension funds amounted to more than £300m. The long-term funds of insurance companies increased their UK equity portfolios by £176m, while general insurance funds invested £15m and private-sector pension schemes a total of £134m in this sector.

Property investment in the period by these financial institutions amounted to nearly £250m net, of which long-term insurance accounted for £176m, general insurance funds £13m, and private-sector pension schemes another £59m.

The net investment in the gilt market was nearly £700m in the second quarter, but there was considerable switching between the short- and long-dated stocks.

Long-term insurance funds disinvested themselves to the sum of £124m from short- and medium-term stocks—under 15 years—and invested £545m in long-dated stocks for a total net investment of £421m in gilts.

Similarly, pension funds sold £65m of short and medium gilts and bought £241m in long-dated (over 15 years) stocks.

Long-term insurance funds increased their liquidity by £78m to £1.52bn in the quarter, while general insurance funds added £81m to their cash holdings for a total of £1.18bn.

M3 rises by 2.9%, M1 by 0.2%

BY OUR ECONOMICS CORRESPONDENT

STERLING M3, the broadly-defined money supply, rose by £1.82bn, or 2.9 per cent, in the month to mid-August. The Bank of England said yesterday this rise was substantially inflated by more adjustments following ending of corset controls. Sterling M3's underlying growth in July-August is estimated at 1-2 per cent.

M1, the narrowly-defined money supply, rose by £66m, or 0.2 per cent, in the month to mid-August, continuing the recent trend of small monthly rises.

Domestic credit expanded by £2.02bn last month. The main influence was central Government borrowing of £2.05bn, about a quarter of which was for lending-on to the rest of the public sector.

A large part of this borrowing was offset by purchases of central Government debt, of £1.2bn, by financial institutions, and by the public. Sales of gilt-edged stock to the non-bank private sector amounted to £961m.

Bank lending in sterling to the private sector was £864m, seasonally adjusted. When account is taken of a reduction of £360m in the level of bank acceptances held outside the banking system, and other special factors, the underlying growth in lending remains much as it has been in recent months.

As in July there was a big increase, of £362m, in bank lending in sterling to overseas borrowers. This may represent a continuing post-corset adjustment in the banks' Euro-sterling operations.

External and foreign currency finance was again a small contractionary influence on the money supply—at minus £122m. The large current account surplus at present has tended to reduce the rather larger negative external influences seen in recent months.

MONETARY AGGREGATES (£m)

1980	Money stock M1 change	Money stock M1 %	Sterling M3 change	Sterling M3 %	Bank lending in sterling change	Domestic credit expansion change
January	+ 49	+0.2	+ 485	+0.9	+1,378	+ 738
February	−411	−1.5	+ 330	+0.6	+ 502	+ 270
March	+304	1.1	+ 302	+0.5	+ 433	+ 716
April	−105	−0.4	+ 216	+0.4	+1,546	+ 702
May	+115	+0.4	+1,249	+2.2	+ 369	+1,147
June	−297	−1.1	+ 447	+0.8	+ 438	+1,369
July	+976	+3.6	+2,954	+5.0	+2,379	+3,482
August	+ 66	+0.2	+1,816	+2.9	+ 864	+2,016

All figures seasonally adjusted.
** Lending to UK private sector.*

Source: Bank of England.

Torpedo test vehicle developed

BY DAVID FISHLOCK, SCIENCE EDITOR

A TORPEDO-LIKE test vehicle controlled by computer has been developed by the Ministry of Defence to explore ideas for anti-submarine weapons.

The vehicle, called TVX, is being prepared for its first sea trials later this year.

It will be used to test parts of the controversial Sting Ray lightweight torpedo, the anti-submarine weapon controlled by micro processors which the Navy and Air Force plan to put into service in the next few years, as well as developments in heavyweight torpedos.

TVX has been developed over the past four years by the weapons laboratory of the Admiralty Underwater Weapon Establishment at Portland near Weymouth, at a cost of "a few million pounds," says Miss Betty Killick, in charge of the laboratory.

With the help of a Sperry Gyroscope as prime contractor, the scientists have acquired the hardware for three TVXs, although they plan to assemble only one at a time.

TVX is the size and shape of a heavyweight torpedo—21 inches diameter and 21 feet long—and weighs 2,500 lbs.

Instead of a warhead it has a large luggage compartment in the nose in which experimental payloads can be bolted—homing, fuzing (triggering) or attitude sensing systems, for instance. It can also test propulsion system for torpedos.

The development reflects a growing awareness of the threat of submarine attack. Russian submarines, once noisy and relatively easily detected, are quieter as well as greatly improved in performance.

TVX is designed for speeds at least half as fast again as the fastest craft a torpedo is expected to pursue. Its speed can be varied from about 28 to 60 knots, through remote control of its gas turbine engine and jet-pump propulsion system.

A scientist drives TVX from a computer console aboard the launch vessel, through a guide wire more than 4½ miles in length. TVX's own on-board computer controls its speed, attitude, and safety factors. It has a 3-D tracking system and can carry data recorders, but will normally transmit data continuously through the guide wire for analysis on board the mother vessel.

UK NEWS—LABOUR

Electricians set to extend reach into steel industry

BY JOHN LLOYD, LABOUR CORRESPONDENT

THE ELECTRICIANS' union is poised to extend its reach into the steel industry.

The result of a ballot among members of the 12,000-strong Steel Industry Management Association, to be announced today, will show a vote of around three to one in favour of a merger with the white collar section of the Electrical and Plumbing Trades Union.

This will swell the ranks of the section, the Electrical Engineering Staffs Association, from 40,000 to 52,000, and bring membership of the EPTU to over 430,000.

It could also bring some disturbance in industrial relations in the steel industry. Mr. Bill Sirs, general secretary of the main steel union, the Iron and Steel Trades Confederation—which had hoped to attract SIMA—has spoken of a further fragmentation in the industry.

SIMA will become an autonomous unit within the EPTU's white collar section, itself largely autonomous. Mr. Robert Muir, SIMA general secretary, will become national officer for the unit.

The EESA conference, which ended yesterday warned other unions in the health service that they could not expect support from electricians unless EESA, which represents a number of hospital engineers, is given negotiating rights.

The bulk of hospital engineers are represented by the National Association of Local Government Officers. NALGO engineers delegates are meeting today to decide whether to ballot the membership on industrial action over a 14 per cent pay offer which they have rejected.

Mr. Tom Rice, national officer of EESA, said yesterday that previous industrial action by engineers in the health service had depended on the support of the electricians. He said that moves to achieve recognition for the EESA engineers through the TUC and the Advisory Conciliation and Arbitration Service had failed.

The conference also called for private medical schemes to be extended to industries other than the electrical one.

● A "truce" has been agreed between the EESA and the 9,500-strong Association of Management and Professional Staffs, whose major strength lies in ICL.

Under its terms, agreements with employers will require recognition of both unions in bargaining arrangements. It also allows managers a free choice of which union to join, though recruitment will be limited to specific technologies.

Backing for Labour changes

BY PAULINE CLARK, LABOUR STAFF

THE ALLIANCE between the Transport and General Workers' Union and the Left of the Labour Party has consolidated by the union supporting the view that an electoral college should have the final say on the Labour manifesto.

The TGWU is the party's biggest union affiliate. Its executive has also fallen in with growing support among trade unions that the party leadership should be elected from a college composed of a third representation by the Parliamentary Labour Party, a third by the constituencies and third by trade unions—instead of 50 per cent party and 50 per cent trade unions as proposed by the internal commission of inquiry.

On this issue, the union has lined up with recent decisions by the Association of Scientific, Technical and Managerial Staffs and the Confederation of Health Service Employees.

In the TGWU's view the manifesto should thus be formulated by the conference, passed through the party's executive and finally be approved by the electoral college, in order to improve accountability.

In addition, the executive is supporting the commission's recommendation that the three-year rule for deciding constitutional issues should be retained.

However, it has declined to recommend to its Labour Party conference delegation the names of members it would like to see on the party executive.

The TGWU's current membership affiliation to the party will remain at 1.25m but it has agreed to support an increase in the trade union affiliation fee to 40p in 1981 and to 50p in 1982.

TGWU to lobby for import curbs

BY PAULINE CLARK, LABOUR STAFF

THE Transport and General Workers' Union yesterday launched a campaign to persuade the Government to adopt selective import controls. It sees the controls as essential to achieve full employment.

A booklet published by the union sets out a ten point charter urging the Labour Party and trade unions to exert the maximum pressure on the Government to include planned trade in a strategy for economic expansion.

Mr. Moss Evans, general secretary of the TGWU, launched the booklet entitled Control Imports Now with a call on the Government to adopt a range of remedies including quotas, tariffs and surcharges to combat the worst effects of import penetration.

Ha announced that the union was organising a mass lobby to coincide with the Prime Minister's address at the Conservative Party conference in Brighton next month.

The purpose of tha lobby was to emphasise the problem of unemployment. It would be led by executive members who had been made redundant from their jobs, including Mr. Stan Pemberton who worked in the rubber industry in Merseyside, and Mr. Eddy McGarry who worked at BL's Triumph plant.

Mr. Evans said that every increase of 1 per cent in overall imports penetration resulted in the loss of 200,000 jobs.

The union was also calling for fuel subsidies to industry and urging Government action on interest rates and on the exchange rate.

Agreement in Express dispute

By John Lloyd, Labour Correspondent

THE DAILY EXPRESS and Daily Star were printed in London last night after two days' absence. The papers' machine mindera have accepted a new contract stipulating extra overtime working.

Lord Matthews, chairman of the Express group and chief executive of Trafalgar House, the group's owner, agreed that he had taken a strong line with the print unions in the two disputes which have kept the Express and the Star off the streets for five days out of the past ten.

The most recent dispute concerned a new contract, said to have been agreed between union officials and managment, to allow extra printing time on the Express.

Members of the National Society of Operative Printers, Graphical and Media Personnel in the machine room had refused to accept the agreement until yesterday.

In last week's dispute, members of the National Graphical Association working on linotype machines had refused to move to a new system of piecework payment. After a three-day stoppage, they accepted the new system.

Lord Matthews said the results of both disputes in which he was involved closely, made him hope that it was possible to establish better industrial relations in Fleet Street.

He said the decisions to move to new payment systems and to extend printing times, together with the decision to cut back on the London editions of the Star, were part of a drive for economies throughout the Express group.

He said there was "too much easy money going about. When things are very difficult you really must crack down on that."

Talks seek end to BBC strike

By Gareth Griffiths

TALKS WERE taking place last night at the Advisory, Conciliation and Arbitration Service's London headquarters aimed at solving the week-long BBC craftsmen's strike which has halted several television productions.

The talks were held at the instigation of ACAS which invited both sides to meet its officials on Wednesday night.

Bitter row likely over Chapple move

BY JOHN LLOYD, LABOUR CORRESPONDENT

MR. FRANK CHAPPLE, general secretary of the Electrical and Plumbing Trades Union, will be at the heart of a bitter confrontation at the TUC's general council meeting next Wednesday.

He confirmed yesterday that he had been voted off the TUC's powerful finance end general purposes committee by a six to two majority of the group which selects the membership of all TUC committees.

But he said he would wait until the general council meeting — the first since the TUC Congress—before commenting. Mr. Chapple is not convinced that the group's decision will be upheld by the general council, whose ratification of it is necessary, though usually formal.

He also believes the unpopularity he has attracted, especially over his fierce criticism of the general council's proposed trip to Poland, is less because he disagreed, but because the agreement was made public.

At the same general council meeting, he will face questions from fellow council members over his union's position on the Isle of Grain power station site.

Mr. Chapple and Mr. Terry Duffy, president of the Amalgamated Union of Engineering Workers engineering section, will have to answer for their decision to sanction the use of labour from their unions and others in jobs on the site traditionally reserved for the Transport and General Workers Union.

The motion to deprive Mr. Chapple of his seat on the F end GP committee came from Mr. Moss Evens, general secretary of the Transport and General Workers Union. Mr. Evans believes Mr. Chapple has been disloyal to the TUC for long anough.

He believes that disagreement should go so far, but that the TUC should aim to achieve a consensus. Mr. Evans' move may be seen as an attempt to establish his power among his TUC colleagues as the leader of the country's largest union.

It is unusual for the group selecting the TUC committees, which is drawn from the F and GP committee, to make controversial appointments or dismissals. Mnch struggling tends to come, however, after the committees are selected and they must elect a chairman.

Three-day week starts at Vickers Shipbuilders

BY JOHN LLOYD, LABOUR CORRESPONDENT

VICKERS SHIPBUILDERS, part of British Shipbuilders, will begin to put its workforce on a three-day week from next Monday as the effects of the eight-week old strike of boilermakers starts to bite.

The company announced yesterday that soma 3,500 of its hourly-paid employees would work a three-day week on a rota system from next week. It said it wished to guarantee a weekly wage to its employees, even though it was a reduced one.

The strike of the 1,300 boilermakers concerns a demand for equality of payments. The workers say Vickers had offered higher payments to some than others, payments which were outside the British Shipbuilders national agreement.

Mr. George Alleywell, the Boilermakers Union district official, said yesterday that no talks had been fixed between the company and the union.

Vauxhall men accept 8%

MORE THAN 22,000 Vauxhall shop floor workers have finally agreed to accept tha management's "British Leyland style" 8 per cent pay offer without a fight.

Agreement came when 7,500 men at the company's Ellesmere Port plant in Cheshire yesterday voted to accept "reluctantly" the deal. Only a few days ago, the men voted to reject the offer, already accepted at Vauxhall's Luton and Dunstable factories.

Since the start of the month the Ellesmere Port men have been working a "week-on, week-off" system because of high stocks.

UK NEWS

Bleak prospects for the jobless

BY ROBIN PAULEY

PROSPECTS FOR the unemployed are worse than at any time since the early 1930s and this could lead to violence in the streets, says the Supplementary Benefits Commission in its final annual report.

The report says few forecasters expect the situation to improve before 1984 and implications for the long-term unemployed are "distressing."

The picture in some parts of the country is already described by the commission as frightening. The recent narrowing of regional variations had obscured extremely hight unemployment levels in some urban areas in even the most prosperous regions — 9.2 per cent in London's docklands and 9 per cent in inner Birmingham.

THE Supplementary Benefits Commission warns of violence and defends the unemployed, for whose prospects it sees little improvement before 1984.

The report says it is argued that unemployment does not cause severe hardship in the 1980s because of the number of two-income families.

But studies confirmed that most men who became unemployed were poor before they lost their jobs. A higher-than-avearge number of jobless men do not bave a working wife.

People who remain unemployed sbould be entitled to ensured and adequate incomes, the report says. At the moment, fewer than half get any insurance benefits and most of the rest bave to turn to supplementary benefit.

"Some people believe cutting supplementary benefit would force the unemployed back to work. But the main reason tbat so many are out of work is that there are no jobs for them. Cutting benefit as an incentive to find work would be unjust, ineffective and politically inept.

The report says there is widespread belief that for many workers there is little advantage in working — the "why work?" syndrome. The Government probably had the support of the majority of the population in stressing this. But the facts showed that only a small proportion of unemployed (3 per cent) received more money in benefit than in work.

Similarly, the incidence of frand and abuse was small. Failure to take np benefits was a greater problem because of hardship which could result.

"We must not forget that most claimants are bonest and most of the unemployed are without work through no fault of their own."

Studies by the Manpower Services Commission sbowed that nnemployment was likely to increase family tensions and violence. But the report says that the other social problems exacerbated by high unemployment could be expected to lead to tensions and violence beyond the confines of the family.

"In view of the unemployment forecasts it would be dangeronsly optimistic to assume that the recent riot in Bristol could not be repeated elsewhere," it said.

Long-term unemployment (of more than one year) would add to the dangers. The number of unemployed claiming supplementary benefit having been unemployed for more than two years rose from 66,000 in 1973 to 128,000 in 1979.

Starvation warning on dispute benefit

THE GOVERNMENT'S policy of curtailing payment of benefit to people involved in industrial disputes is almost certain to result in a tragedy, warns Professor David Donnison, chairman of the Supplementary Benefits Commisison.

Discussing the report and the final days of the commission's work before it is replaced in November by the Social Security Advisory Committee, Prof. Donnison said the most worrying aspect of the future was the plight of the single person involved in a dispute. Families would continue to get some benefit so there would be a little money in the household. A single person would get nothing even if he were unable to work by being locked out. The commission was sure the government would have to change this policy but there was a real danger of somebody starving to death first.

The section of the report dealing with strikers shows that since 1975 the number of people without dependants and receiving supplementary benefit during a dispute has never been higher than 400. Payment to people involved in disputes, with and without dependants, cost £400,000 in 1976 and £3.3m in 1978.

Claims by strikers represent a very small proportion of the £2.5bn a year paid out in supplementary benefits. More than 80 per cent of strikes last less than two weeks which is not long enough for benefit to become payable.

The report shows that last year the cost of administering the payments was about £320m. Of the 2,850,000 people receiving tbe benefit, 60 per cent were pensioners, 20 per cent were unemployed. A total of 1.5m dependants included 955,000 children in 488,000 families.

The average amount of benefit paid to pensioners with a national insurance pension was £8.51 a week and £27.75 to those witbout. Unemployed claimants received an average £10.65 if they also bad unemployment benefit, and £25.79 if not.

Report of Supplementary Benefits Commission for the year ended 31 December, 1979; HMSO; £6.70.

COMPANY NOTICES

BUSINESSES FOR SALE

By Direction of P. Bierne Esq & A. M. D. Bird Esq.
THORNTON BAKER
Joint Receivers of Ethylene Products Ltd.

ASSETS OF ETHYLENE FILM MANUFACTURER FOR SALE

Including substantial Freehold Premises. Blending, Compounding & Extruding Equipment and full ancillary equipment.

Contact
David Lowe, F.R.I.C.S.

Grimley & son
021-236 8236

Bell-Ingram

Perth 17 miles — Edinburgh 44 miles — Glasgow 46 miles

CRIEFF — PERTHSHIRE

With spectacular views to the rugged hills and forests of Perthshire this Victorian Mansion, with a new accommodation wing, is ideally located for use as a Health Farm, Hotel or Training/Conference Centre.

The accommodation, finished to the highest standard, comprises: 3 Lounges, Gymnasium, Physiotherapy Room, Sauna, Luxuriously Equipped Kitchens, Hairdressing Salon, Lecture Theatre, Double, Twin and Single Bedrooms mostly with private Bathroom or Shower Room, providing accommodation for 49 guests, self-contained flat, management offices.

Full Fire Certificate. Full Central Heating. Mature Grounds.

Further particulars and viewing arrangements from the Sole Selling Agents: Bell-Ingram, 4 West Regent Street, Glasgow. Tel. 041-332 7311 (24-hour answering service)

FOR SALE

FOUNDRY

Small jobbing foundry in Cardiff. Ferrous and non-ferrous up to 10 tons, own pattern shop.

FABRICATION SHOP

Small high-quality fabrication shop in South Wales. Highly-skilled labour force includes coded welders, design staff. Short order book.

Receiver and Manager's Agents:
COOKE & ARKWRIGHT
7 Windsor Place, Cardiff.
Tel: (0222) 398151. Telex: 497689

PRE-CAST CONCRETE PRODUCER ON PRIME 13 ACRE DEVELOPEMENT SITE

WITH OUTLINE PLANNING APPROVAL FOR WAREHOUSES

Available for sale as a going concern basis. Centrally located in Ulster, and experienced in the manufacture of a wide-range of general and special concrete products.

FOR MORE INFORMATION CALL BELFAST (0232) 44001
REF: MR. PAUL ROWAN

Manufacturer of Accommodation Units for Sale

Turnover amounts to approx. £2.4 million per annum. Customers consist of large companies, schools and local authorities with some export content.

The business, which is situated on a freehold site in the county of Humberside, employs around 50 persons and is offered for sale as a going concern.

Please apply:—
Box No. S.8535, Reynell & Son Limited,
Eldon Chambers, 30/32 Fleet Street,
London EC4Y 1AA

GENERAL JOINERY & TIMBER ENGINEERING BUSINESS FOR SALE

The business, which operates from a 10-acre site on the outskirts of Hull, holds a strong market position in this area of the North-East with a sales turnover of approximately £3.5 million per annum.

The skilled workforce numbers around 200 employees and the business is offered for sale as a going concern.

Please apply:—
Box No. S.8534, Reynell & Son Ltd.,
Eldon Chambers, 30/32 Fleet Street,
London EC4Y 1AA.

EAST ANGLIAN COAST CLIENT HAS FOR SALE

★ Two-floor shop—Net 17,500 sq. ft.: Trading as a Dept. Store.
★ 21-Bedroom Hotel adjacent: with Development Potential.
★ Additional Site of about ¾ of an acre: 10,000 sq. ft. Warehouse and 18 L.U. Garages.

FREEHOLDS—WOULD DIVIDE

Joint Sole Agents:
HOUGHTON GREAR & CO., 7, Harley St, London W1N 1DA, 01-580 9357
PERCY HOWES & CO., 3, The Close, Norwich NR1 4DL, 0603 29992

FOR SALE as going concern

Pressure Diecasting Company, Aluminium & Zinc

Large, long-established pressure diecasting company for sale as going concern.
Extensive freehold site and purpose-built premises with wide range of equipment.
Excellent technical and skilled staff.
Good labour relations. Ample labour available.

Principals only should write in confidence to
Box G.6519, Financial Times, 10 Cannon Street, EC4P 4BY.

LADIES' HOSIERY MANUFACTURER

Specialising in range and quality of products for

SCANDINAVIAN MARKET

Where exciting sales facilities give extensive penetration.
Provincially based in modern government factory, 57 employees, fully equipped and operating with forward order book, government assisted area.

Please contact Mr. David Rogers
on London (01) 407 8989

FOR SALE

Precision Engineering Company

M40, 25 Miles West of London

Long-established general and precision engineering company which is a small part of a Group's total activities, is now for sale.

* Skilled, stable workforce, with staff & management — about 80 people
* Excellent modern premises, extensive parking. Long lease
* Facilities for turning, milling, drilling, grinding, hand-finishing, assembly
* M. of D. standard 05-24 — general light engineering

Net assets for sale and factory with workforce as a going concern.
Please write to Managing Director
Box G6535, Financial Times
10 Cannon Street, EC4P 4BY

INVESTMENT OPPORTUNITY

Opportunity to purchase privately owned printing group of companies based in London, England. The group is profitable and housed in a well equipped modern factory/offices. Its clientele is made up of national and internationally known public companies and influential UK government and local authority contracts. Recent expansion has created very useful UK tax losses. Only available for purchase due to ill-health of managing director.

For further information
Tel: 01-235 1272 Ext. 282

Established

INJECTION MOULDING

CLEVELAND

Well-equipped Works. Modern Single-Storey Works and Stores —22,000 sq. ft. Plant purchased since 1976. Demag 175 and 80. Ankerwach A26 and V17, Stubbe SKM Machine, Mould Range 2oz-13oz. Primarily to Cosmetic and Shoe Accessory Trade.

Plant Potential: £1½M.

Box G.6520, Financial Times, 10 Cannon Street EC4P 4BY.

Due to reorganisation, a Major Wine and Spirit cash and carry

Available in North West

Ideal opportunity for expanding company looking to get into 'drinks' trade and add own product range.
Write Box G6538, Financial Times
10 Cannon Street, EC4P 4BY

EMPLOYMENT AGENCY

FOR SALE

NORTH LONDON

Large Ground Floor Premises.
Currently unprofitable.
Good potential.
Write Box G6536, Financial Times
10 Cannon Street, EC4P 4BY

Luxton & Lowe Ltd

Specialist Agents in the SALE & PURCHASE OF HOTELS/CATERING & NURSING REST HOMES

Urgently require sound businesses of all types to meet steady demand
Business Chambers
96a Burlington Road, New Malden
Surrey · 01-949 5451 · PBX

COMPANY FOR SALE ? COMPANY WANTED

Whatever type of business you want to buy or sell, when you present a sound proposition, you can depend on a good response from our readers. Just one warning. Businesses For Sale/Wanted are advertised every FRIDAY in the Financial Times, but not for long, the responses they receive see to that.

INTERESTED?

For further information regarding space availability, advertising rates and conditions of acceptance contact DIANE STEWARD 01-248 5284

IATA/ABTA TRAVEL AGENCY FOR SALE

CENTRAL LONDON

Attractive shop/office premises in prime area. 850 sq. ft. 8 Tel. lines. Travicom in early 1981.

Write: Ref. A.C.K.
Pritchard Englefield & Tobin
(Solicitors)
23 Great Castle Street
London W1N 8NQ

ROAD TANKER MANUFACTURER based in the North West. Modern premises and plant. Approx. 60 employees. Established over ten years. Turnover capacity £2m. Offers invited for part or all of the equity. Principals only; apply to G. S. PEARSON, FCA, FCCA, Rawlinsons Chartered Accountants, Netherwood Chambers, Manor Row, Bradford BD1 4PF.

MANUFACTURING BUSINESS engaged in enamelled FI gift ware located West Midlands in rented factory. Turnover £100,000 plus per annum. Going concern. Modern equipment. Principals only. Write Box G.6529, Financial Times, 10, Cannon Street, EC4P 4BY.

For Sale as Going Concern

WEB OFFSET

Magazine & tabloid newspaper printers in Home Counties

Replies in confidence:
Stoy Hayward, 44 Baker Street
London, W1 - (Quote Ref. PG8)
01-486 5858

MERGER OR SALE

East of England Manufacturer and Erector of Agricultural and Industrial Buildings
T/O £500,000 F.A. £150,000
Apply: P. A. Tredrea, Solicitor,
George Street,
Wolverhampton WV2 4DN

FOR SALE

ROAD TANKER HAULAGE BUSINESS

In North West England. Medium size fleet with good contracts and modern depots with a turnover of £1,600,000.
Write Box G.6539, Financial Times,
10 Cannon Street, EC4P 4BY

PRINTING GROUP FOR SALE

Based in Home Counties, 2 Freeholds, profitable, sale due to ill-health of main shareholder/director.
Enquiries and proposals write to:
Box G6523, Financial Times
10 Cannon Street, EC4P 4BY

ESTABLISHED AGRICULTURAL CONTRACTING BUSINESS FOR SALE

Midlands Area

Excellent returns from regular contracts. Ample scope for expansion. Freehold premises
Apply in confidence to:
Box G6524, Financial Times
10 Cannon Street, EC4P 4BY

COMPANY FOR SALE

Service company with profits at £300,000 p.a. Enjoying a market leadership position with excellent growth prospects. £1 million.
Principals only please
Write Box G6525, Financial Times
10 Cannon Street, EC4P 4BY

CHANNEL ISLANDS RETAIL OUTLET

Opportunity to gain access to offshore Channel Islands market — established small Channel Islands clothing retailers are considering selling their C.I. operation which trades from a prime freehold site. Stock not necessarily included in sale.
Write Box G6534, Financial Times
10 Cannon Street, EC4P 4BY

PLANT AND MACHINERY

SALE BY AUCTION

OF

LITHOGRAPHIC & LETTERPRESS PRINTING, ORIGINATION & PLATEMAKING, CARTON MAKING & FINISHING, LINOTERM PHOTO COMPOSING PLANT AND MACHINERY

Office Furniture and Machinery, Fixtures and Fittings
MODEL FOEP 1.1/25/20/T/TM "LANSING-BAGNALL" PED. OP. ELECTRIC FORK-LIFT TRUCK; "Universal" Ride-on Diesel Fork-Lift Truck by Coventry Climax Ltd., SIX "ROLATRUC" HYDRAULIC PALLET TRUCKS and possibly Stock

AT

THOMAS KNIGHT & CO. (HOLDINGS) LTD.
THOMAS KNIGHT & CO. LTD.
PRINTED PRODUCTS (CARTONS) LTD.
BREWERY ROAD, HODDESDON, HERTS

ON

WEDNESDAY, 1st OCTOBER, 1980 AT 10.30 AM

Although the lots will be on view at the works, the sale will be conducted at

TUDOR HALL, CONDUIT LANE, HODDESDON, HERTS

On view two days prior and day of sale.
Catalogues available at the works or from the Auctioneers:

COLEBROOK, EVANS & McKENZIE
Printers' Auctioneers & Valuers
5, QUALITY COURT, CHANCERY LANE, LONDON WC2A 1HP
Tel: 01-242 1362/9

GROUP SEEKING EXPANSION

within the marine industry wishes opportunities to purchase companies in this or closely allied fields. Write fully including details of any manufacturing facilities to:
Box G6508, Financial Times
10 Cannon Street, EC4P 4BY

PRESSWORK COMPANY

Old established presswork company situated in North West. Turnover £600,000. Good order book. Modern factory—could be let or sold freehold to suit vendor. For full details:
Write Box G6533, Financial Times
10 Cannon Street, EC4P 4BY

BUSINESS FOR SALE

Private company operating in the industrial machinery market is for sale due to impending retirement of the controlling shareholder. Turnover for last 3 years has averaged over £1.5 million on which 10% pre-tax profits have been earned.
For further details reply to
Box G6527, Financial Times
10 Cannon Street, EC4P 4BY

HOTELS AND LICENSED PREMISES

SOUTH WALES—SWANSEA

MAJOR TOWN CENTRE HOTEL

FULLY LICENSED AND IN PRIME LOCATION

66 bedrooms all with private bathrooms. Ballroom for 300. Range of smaller meeting rooms. Two bars. Restaurant. Lounges. Central heating.

Trade around £450,000 p.a. Favourable long lease.

£350,000

(KS/07068)

Knight Frank & Rutley
20 Hanover Square London W1R 0AH Telephone 01-629 8171

Assets, Business Undertaking and Goodwill of

Fertilizer Company

based in West Country available for sale. There are tax losses. Also freehold building and modern bagging and blending plant, together or separately.
Write Box G6532, Financial Times
10 Cannon Street, EC4P 4BY

SPECIALIST LIGHT ENGLINEERING PRODUCTS COMPANY FOR SALE

Small manufacturing co., London area with £100,000 turnover and at break-even for sale due to illness. Available on an assets only basis and with or without the freehold of its factory.
Write Box F1335, Financial Times
10 Cannon Street, EC4P 4BY

PHOTOGRAPHIC DEALERS

Business for sale. Established over 70 years. Nationally known Company with vast Mail-order and over-counter turnover nearing £2m p.a. Senior director retiring for health reasons, but other directors and expert staff would carry-on, if required. Sit. Greater Mc. Offers circ. £100,000, stock at valuation.
Phone 061-9734215 or write to C. O. Aston,
109 Washway Road, Sale, Cheshire.

COMPANY FOR SALE or COMPANY WANTED?

Why does buying or selling a business through the Financial Times make such good sense?

Because the readers of the Financial Times cover the whole spectrum of commercial and industrial activities. Among them you'll find those who are either interested in what you offer, or have available what you need.

Equally important is the fact that you are in touch with businessmen who have the influence and level of financial responsibility that leads to action.

Whatever type of business you want to buy or sell, when you present a sound proposition, you can depend on a good response from our readers. Just one warning. Businesses for sale are advertised every Friday in the Financial Times. But not for long. The responses they receive see to that.

For information regarding space availability phone:
DIANE STEWARD 01-248 5284

Rate to advertise: £19.50 per single column centimetre (3 cm x 1 col min). All copy to be submitted in writing together with pre-payment to: Financial Times, Bracken House, 10 Cannon Street, London EC4P 4BY.

CORRUGATED CARDBOARD BOX

Investors interested in a quick purchase of small to medium size manufacturing unit
Write Box G6522, Financial Times
10 Cannon Street, EC4P 4BY

Fed up with the Rat Race? Facing Enforced Retirement or Redundancy?

Easily run Carvery Restaurant in pretty Surrey town close to M25. Substantial property with long lease and first-class living accommodation.
Further details ring 01-543 3991/2
Reference FS/KT

CAPITAL INVESTMENT

There is still a chance to invest your money safely in Austria. Well established Hotel & Restaurant Organisation, with regular guests, in optimum location near Innsbruck, for sale at twice the annual turnover. Further information write:
Box G6517, Financial Times
10 Cannon Street, EC4P 4BY

LAND SURVEY COMPANY, with qualified staff, modern equipment and Middle East experience. FOR SALE as a going concern. Details from Box G6409, Financial Times, 10, Cannon Street, EC4P 4BY

BUSINESSES WANTED

AUTO/DIY PRODUCTS

U.K. manufacturers of brand leading DIY/Auto products seek additional lines for manufacture and/or sale by well established sales force with extensive coverage of wholesale and retail outlets and retail outlets in the hardware/automotive accessory market, home and overseas.

Substantial funds available from parent company for acquisition of or merger with company in the same field.

Principals only apply in strictest confidence to Box F1349,
Financial Times,
10 Cannon Street EC4P 4BY

ABOVE AVERAGE PRICE

To be paid for an expanding business currently earning between £200,000 and £1,000,000 p.a. by a successful public company

Please contact The Chairman, Box G6510, Financial Times
10 Cannon Street, EC4P 4BY
or telephone 01-278 9635 to arrange a confidential meeting

BUSINESS WANTED

GARAGE BUSINESS IN YORKSHIRE

Preferably with new vehicle franchise and proven throughput of no less than 400 new car sales per annum. Private cash purchase.
Reply in strict confidence to:
The Chairman
AVT HOLDINGS (LEEDS) LTD.
Domestic Street, Leeds LS11 9YA
Tel: (0532) 468141

WANTED TO PURCHASE

CUSHION AND/OR SOFT TOY MANUFACTURING COMPANY

Profitability immaterial, High price paid.
Full details from Principals only to Managing Director,
Box G6537, Financial Times,
10 Cannon Street, EC4P 4BY.

MAIL ORDER COMPANY WANTED

Small/medium sized Mail Order Company required, preferably already established in the industrial gift/incentive markets. Principals only please, in full confidence to Box G6531, Financial Times, 10 Cannon Street, EC4P 4BY.

Required for purchase or joint operation:—

GENERAL SUPPLY COMPANY

with established trade in commercial, industrial or business equipment. Size not important provided trade records are good.
Replies will be treated in strict confidence by instructed agents:
ROBERT FRASER & PARTNERS LTD.
Albemarle House,
28b Albemarle Street, London W1

WANTED

Small or medium sized company manufacturing specialised clothing or footwear to M.o.D. standards. Continuity of present management preferable.
Please write to Box G6530
Financial Times
10 Cannon Street, EC4P 4BY

LIGHT INDUSTRIAL/ MANUFACTURING COMPANY SOUGHT

London based company with several Middle East export outlets seeks acquisition/active majority holding in light industrial/manufacturing company or business with Middle East export potential. Principals only to send full details to:
Box G.6521, Financial Times,
10, Cannon Street, EC4P 4BY.

FREIGHT FORWARDING COMPANIES WANTED

Subsidiary of Public Company wishing to expand its freight forwarding interests would like to acquire companies engaged in surface and/or airfreight forwarding. Pre-tax profits should be in excess of £100,000 p.a.
Write Box G6528, Financial Times
10 Cannon Street, EC4P 4BY

RESEARCH CAPACITY

Available for studies in European food and agricultural industries, especially Mediterranean products
Reply Box G6526, Financial Times
10 Cannon Street, EC4P 4BY
or Tel (0233) 812181

PROPERTY MARKET BY ANDREW TAYLOR

West Midlands feel the pinch

THE WEST MIDLANDS industrial property market has begun to look a little sick as the recession among engineering companies bites deeper into the heart of the country's manufacturing base with plant closures occurring at the rate of almost one a week.

Commercial agents operating in the region now have more empty industrial premises on their books than at any stage since the 1974/75 property market collapse. The effect is being reflected in some cases by lower asking rents and special deals being offered to potential tenants.

Only this week one of the largest tracts of industrial land ever offered for sale in the West Midlands was withdrawn from auction after bidders had failed to meet reserve prices.

The 157-acre site at Marchington, Staffordshire had been offered in five lots and included 1.3m sq ft of freehold single-storey industrial and commercial buildings plus another 98,000 sq ft of administrative accommodation. Ten months ago such an auction would have been expected to have been a success.

In the event the land was sold by private treaty to Lichfield Securities, a wholly-owned subsidiary of Evans of Leeds, the publicly quoted property company, for a price thought to be around £3m.

Grimley and Son which organised this week's auction said that it was disappointing to have to withdraw the five lots, but it was clear that potential purchasers were anxious to await an indication of values before making their bids. It was: "a sign of the difficult times in which we presently live."

These difficult times have been marked by a sharp rise in the number of empty industrial properties coming onto the market as engineering companies retrench in the face of record interest rates and declining sales.

In addition the region, like many other areas of the country, has experienced a significant increase in new industrial building activity over the past two years. Edwards Bigwood and Bewlay, which is shortly to publish a West Midlands property report, estimates that there is presently around 2.2m sq ft of new unlet accommodation on the market, with a further 840,000 sq ft under construction, and due for completion, during the next 12 months.

Mr. Geoffrey Burcher, a senior partner at Edwards Bigwood and Bewlay in Birmingham estimate that the agents currently have around 50 per cent more industrial properties on their books than would normally be expected for this time of year.

King and Company, agents which specialise in industrial property, recently estimated that the total amount of vacant industrial space in the West Midlands had increased from 7.6m sq ft to 12.24m sq ft between April and mid-August this year—a rise of more than 60 per cent.

Much of the older space that has become available in recent months is in the medium to large range, of between 10,000 sq ft and 30,000 sq ft—causing indigestion in what was already a generally unpopular section of the market.

Rents now being asked for some of these older properties are clearly less than might have been expected to have been achieved at the start of the year. There is also a greater incidence of special deals, such as rent free or rent reduced periods, being offered to reluctant tenants.

THE first of a series in which the Property Column investigates the effect of the recession on the industrial property market. This week Andrew Taylor looks at the West Midlands.

Although rents for newer premises are generally holding firm at around £2 to £2.35 a sq ft, there has even been some sales resistance here. A 10,710 sq ft factory on the Halesowen Industrial Park was recently advertised at a rent of £1.75 while at the same time quoting that "present rents are above £2.00 a sq ft."

While this may be an extreme case it does illustrate the pressures on industrial property market is now facing in the West Midlands where levels of unemployment have risen sharply over the past year. Last month the percentage of workers unemployed in the region had risen to 9 per cent compared with just under 6 per cent a year ago.

Mr. Peter Thorneycroft, partner responsible for industrial property at the Birmingham office of agents Elliott Son and Boyton says that a number of companies which may have been considering rationalisation for several years have now been pushed into plant closures by the recession and increasing financial pressures.

The strive for greater efficiency by engineering and manufacturing companies however may help underpin demand for new premises, particularly once the present building programme has drawn to a close. Here rents and capital values seem likely to remain reasonably firm in cash terms, although after adjusting for the impact of inflation, rents even to new properties, have probably been declining since the middle of last year.

One bright spot for the region's industrial property market has been the continuing strong demand for small factory units sponsored in some cases by workers using redundancy money and savings to start no buinesses in their own right.

To meet this demand a number of older larger premises have been sub-divided to provide accommodation for small businesses. This week William Sapcotes and Sons announced yet another such refurbishment scheme, this time in West Bromwich, where the company has acquired 50,000 sq ft of industrial property in Spon Lane: to be divided into units between 1,190 sq ft and 25,000 sq ft.

It would be wrong to suggest that the West Midlands industrial property market is in a desperate plight. Conditions although difficult are nowhere near as bad as in the 1974-75 property market collapse, and there is still strong investment demand from institutions for good well located properties.

However the property world is not insulated from the rest of the economy and given the strength of the manufacturing sector in the region it could be some time before the present difficult period comes to an end.

Even if much of the pressure on manufacturers was to be removed by a reduction in Minimum Lending Rate of several percentage points this autumn, some of the older premises now on the market seem likely to be around for some time.

British Land plays a waiting game

BRITISH LAND is keeping the stock market guessing about its intentions towards J. Hepworth and Sons, the multiple tailors, in which the property company has taken a stake of almost 5 per cent.

Mr. John Ritblat, chairman of British Land, would say little more yesterday than that he regarded the stake as a "good investment" and that he had no immediate intention of mounting a take-over bid.

This would seem fair enough given that British Land is still digesting the recent acquisitions of United Kingdom Property and The Corn Exchange.

But it is undoubtedly Hepworth's property interests rather than its tailoring business that has attracted the attention of British Land. Hepworth, which recently announced the closure of three of its factories in the north of England, has the reputation of being a shrewd purchaser of retail properties.

Hepworth's properties, the bulk of which are freehold, are valued in the group's last accounts at around £67m but as the last independent valuation carried out by Hepworth was in August, 1977 this figure may be expected to substantially understate the true value of the properties.

However, this year has been a difficult time for retailers generally and, although trading at Hepworth stores is thought to have improved recently, pre-tax profits for the year ending August 31, 1980 are thought to have been some way below the £6.6m achieved in 1978-79.

Confirmation that British Land has acquired a 4.9 per cent stake in Hepworth prompted a 12p rise in the multiple tailors' share price this week, to 94p at the start of trading yesterday, compared with a share price of 70p three months ago.

Mr. Ritblat is not saying whether he intends to increase his company's holding in Hepworth and, given British Land's reputation in recent years as something of a stockmarket trader, it is far too premature for bid speculation.

In the past the group has built up significant holdings in companies like City Offices and Churchbury Estates only to sell them at a profit shortly after acquiring the stakes.

One other ingredient to be taken account of in this rather intriguing situation is the fact that last year British Land sold its Dorothy Perkins womanswear chain to the Burton Group in a complex deal by which British Land raised £4.68m cash and retained the freehold of 74 Dorothy Perkins shops.

Mr. Ritblat is clearly keeping his options open at the moment but British Land must already be sitting on a reasonable profit given that its shares in Hepworth are thought to have been acquired at prices some way below present market levels.

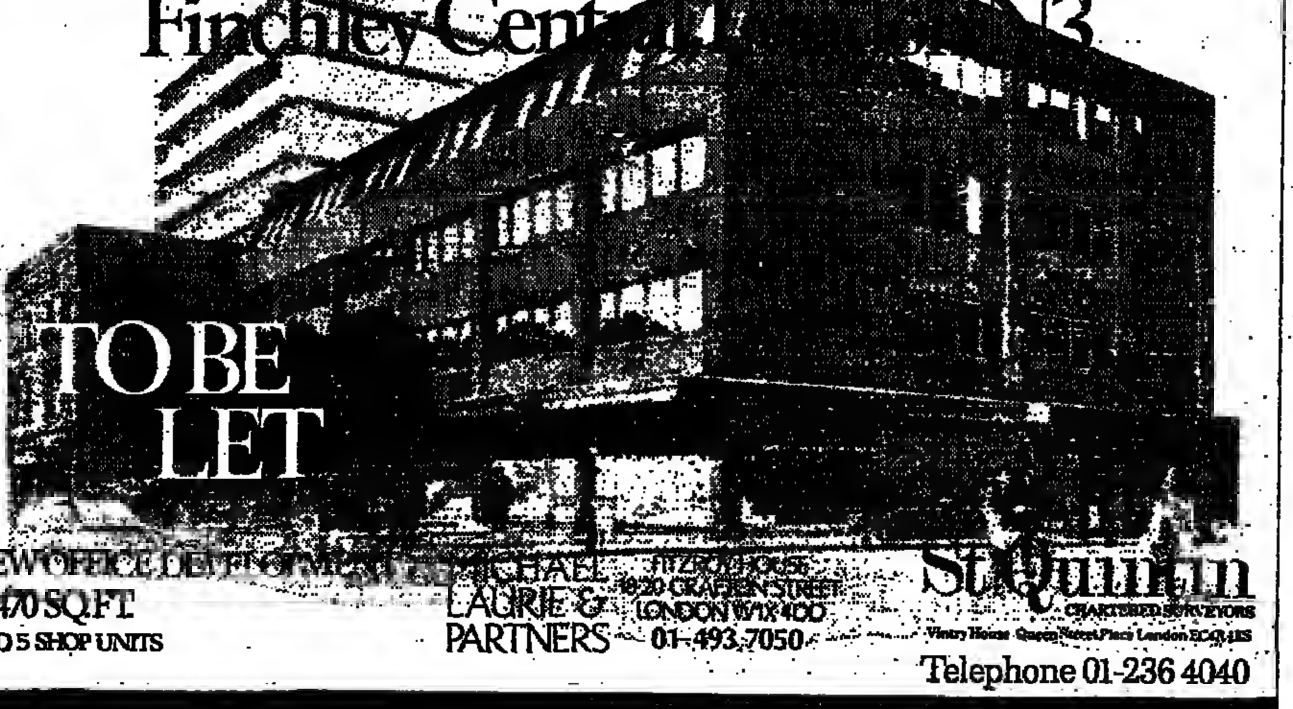
IN BRIEF

● English Property Corporation is to sell its freehold shopping precinct at 103/123 Kilburn High Road, London NW6. The scheme which is fully let was completed in 1969. It comprises 35,000 sq ft of space at ground floor level plus a further 16,000 sq ft of first floor space. The development is being marketed by Conrad Ritblat which is seeking an asking price of around £2.25m.

● Cobden Commercial Properties in partnership with the Royal London Mutual Insurance Society are to carry out a 37,000 sq ft factory and office scheme on the site of the former Fidelity Radio factory fronting the M41 in Olaf Street, Shepherds Bush. The development, which it is anticipated will command an investment value of £2.25m, is due for completion in 1981. Joint letting agents are Frank Harris and Co. and Ridgway Noble.

● Prudential Assurance has paid almost £400,000 to acquire a prime freehold shop investment in the Shambles, Worcester, from Galliford Brindley Properties. The property, which has been substantially refurbished, is let to Rumbelows at an annual rental of £20,000 with five yearly reviews. The sale of the freehold handled by Grimley and Son in conjunction with Shipway Doble and Earle.

● Bredero, the Dutch-based development company, has been selected by St Albans City Council to carry out the long-proposed Chequer Street shopping centre development.

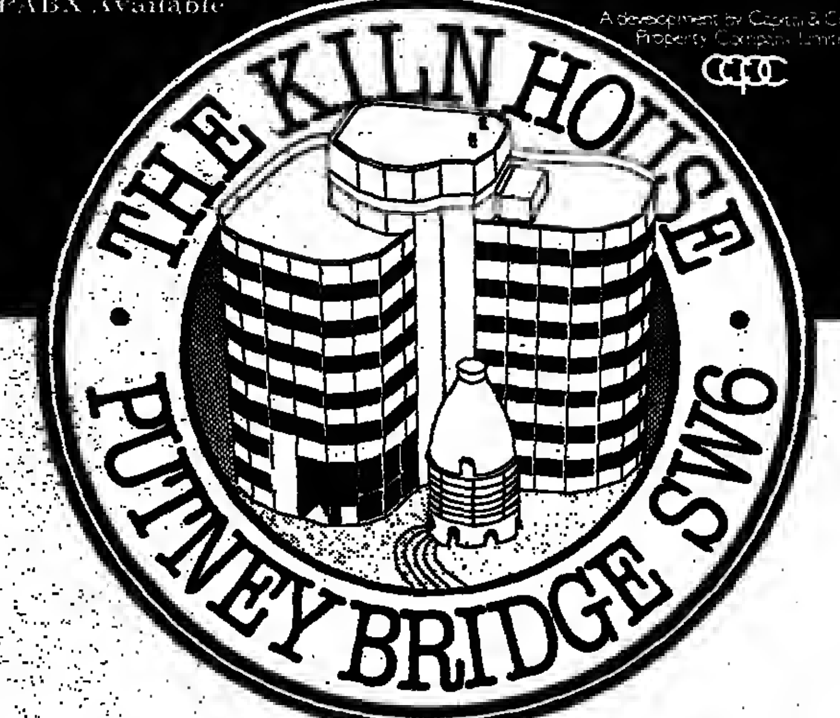


A Magnificent
New Air Conditioned
Office Building
25,000sq.ft. to be Let.

* Carpeting Throughout
* Suspended Ceilings Incorporating Light Fittings
* Car Parking
* PABX Available

MICHAEL LAURIE & PARTNERS
FITZROY HOUSE
19/20 GRAFTON STREET
LONDON W1X 4DD
01-493 7050

A development by Capital & Counties Property Company Limited



A development project managed by
Arunbridge
Funded by
Clerical Medical & General Life Assurance Society

OLYMPIC INDUSTRIAL ESTATE WEMBLEY

A New Warehouse & Industrial Development
TO LET
330,000 sq.ft. available in units from 2,800 - 68,600 sq.ft.

JOINT SOLE AGENTS

MICHAEL LAURIE & PARTNERS
FITZROY HOUSE
19/20 GRAFTON STREET
LONDON W1X 4DD
01-493 7050
Telex 22613

Knight Frank & Rutley
20 Hanover Square London W1R 0AH
Telephone 01-629 8171 Telex 265384

HARROW
Warehouse with Offices
SQ. 14,245 FT.
TO LET
Apply:
GOODMAN MANN ASSOCIATES
31 ST. JAMES'S PLACE
LONDON SW1A 1NR
Tel: 01-499 8231

44 Catherine Place Victoria SW1
1,112 sq.ft. FOR SALE FREEHOLD with vacant possession £250,000
A most attractive Georgian office building
Contact Derek Gillmore FRICS
Strutt & Parker
13 Hill Street, London W1X 8DL
01-629 7282

SUPERB OPPORTUNITIES FOR INDUSTRY in
ALYN & DEESIDE CLWYD, North Wales
INCENTIVES FOR FIRMS THINKING OF MOVING TO ALYN & DEESIDE OR EXPANDING WITHIN ALYN & DEESIDE
Regional Development Grants
Selective Assistance
Government Factories — sale or rent
Tax Allowances
Finance from European Community
Local Authority Assistance
Training Assistance
Housing for Key workers
Contact: David B. Ames
Industrial Liaison Officer
Alyn and Deeside District Council,
Council Offices, Hawarden,
Deeside, Clwyd.
Tel: Hawarden (STD 0244) 531212 Ext. 288
AD
A Special Development Area

Hayes, Middlesex
Modern Single-storey FACTORY/ WAREHOUSE
Good Facilities
55,000 sq. ft.
TO LET
King & Co
1 Snow Hill London EC1A 2DL
01-236 3000

EUSTON STATION
London
Prestigious Hotel Site
With outline consent for 595 bedrooms
Intended to form an integral part of London's most modern Rail Terminus
Site Available on Lease By Tender
Closing date 31st December 1980
(AFD/06583)
Knight Frank & Rutley
20 Hanover Square London W1R 0AH Telephone 01-629 8171

SOUTHEND
Single Storey
FACTORY
with Offices
25,000 sq. ft.
Heating . 14 ft. headroom . 1 acre site
EDWARD SYMMONS & PARTNERS Tel. 01-834 8454
56/62 Wilton Road, London SW1V 1DH

THE SCOTTISH PROPERTY MARKET
A comprehensive 40 page report on the Edinburgh and Glasgow property markets has been published this week. It covers Shops, Offices, Industrial and Residential markets together with comment on the Scottish economy and likely future trends.
It is available free of charge from Bernard Thorpe and Partners.
Contact: Linda Brady, London Office as below, or telephone:
Edinburgh Office (031) 226 4484 Glasgow Office (041) 226 5241
Bernard Thorpe and Partners
1 BUCKINGHAM PALACE ROAD, SW1. Tel: 01-834 6890.

SURREY/HANTS. BORDER
TO LET
75,000 sq. ft. Industrial Unit
Prestige location at Junction 4 (M3)
Immediately available Class IV
Sentry House,
110 Frimley Road,
Camberley GU15 2QN
Tel: (0276) 66223
Pearson Williams
Commercial & Industrial Property Agents

Bairstow Eves
LONDON N4
Factory & Offices
16,250 sq. ft.
Freehold for Sale
£230,000
Apply
City Office, Provincial House
218-226 Bishopsgate
London EC2M 4QD
Tel: 01-377 0137

£27,985—Grays Inn Road, close to City and West End. 1 bedroom flats in ideal location. Newly remodelled. 99-year leases. Show Flat on 01-388 9332 or 01-388 1177.

INVESTMENT PROPERTY
Imposing corner shop with residential and storage over, situated in prosperous South Coast town. Let to National Firm on 21 years full repairing and insuring lease for £6,750 per annum. Five-year rent reviews. Offers invited around £50,000.
EHPC Ltd., 1 Spain Buildings, Petersfield, GU32 3LA

EARL'S COURT
IN PRIME POSITION
Block of 10 self-contained modern flats, producing £23,000 p.a. For sale as going concern or with possibility of vacant possession for breakup purposes. Lease 92 years. £210,000
Telephone 01-937 3710

TAX ALLOWANCE INVESTMENTS
Freehold industrial units available in Birmingham and Northampton offering attractive tax advantages
RALPHS AND JANES
021-233 1001 - RGH
Doctor Johnson House
40 Bull St., Birmingham B4 6AP

SLOUGH
30,000 sq. ft.
PRESTIGE OFFICES
SHORTLY TO LET
Write Box T.5339,
Financial Times,
10 Cannon Street, EC4P 4BY.

ESTATE AGENTS DIRECTORY
For Further Details Phone
Guy Mainwaring-Burton,
Tel: 01-248 5205

ADVERTISEMENT

AVON
BRISTOL
Adler Stanley & Price, 7 St. Stephens Street BS1 1EG. Tel.: Bristol (0272) 299151.

BEDFORDSHIRE
Kilroy, Estate Agents, 50 St. Loyes, Bedford. Tel.: (0234) 50952.

BERKSHIRE
READING
Buckell & Ballard, 43 Market Place, Reading. Tel.: (0734) 57341.

ESSEX
ALL ESSEX
Bairstow Eves, 75 High Street, Brentwood. (0277) 226222.
BARKING
Glenny (A.) & Son, Chartered Surveyors, 53 East Street. 01-594 3017.
SOUTHEND-ON-SEA
BENFLEET
Bradleys Estate Agents, Valuer & Surveyors, 107 High Street, Benfleet, Essex.
Watson, Temple, Talbot & White, Chartered Surveyors, 34 Clarence St. Tel.: (0207) 330717.

GLOUCESTERSHIRE
Powell and Powell, Chartered Surveyors, Commercial and Industrial Specialists, 37/41 Clarence Street. Gloucester GL1 1EA. Tel.: 36444 also at Cardiff 27666.
CHELTENHAM & DISTRICT
Lawson & Lawson, Chartered Valuation Surveyors & Estate Agents, 3 Regent Street. Cheltenham GL50 1HF. (0242) 21677/9.

HAMPSHIRE
SOUTHAMPTON, PORTSMOUTH
Hall Pain & Foster, Chartered Surveyors, Valuers, Estate Agents, 39 London Road, Southampton (0703) 28915.
L. S. Vail and Sons, Chartered Surveyors. Commercial Premises Department, 18 High Street, Fareham. (0329) 285811.

HERTFORDSHIRE
HEMEL HEMPSTEAD
R. J. Aitchison, Chartered Surveyors. 83 Marlowes, Hemel Hempstead 3448.
LETCHWORTH, HITCHIN AND STEVENAGE
Hendales, Industrial Dept., 44 Broadway, Letchworth 3773. Hitchin 59643. Stevenage 53308.
WATFORD
Gordon Hudson & Co., 147 The Parade, Watford 39711 (10 lines).

KENT
ASHFORD
Geering & Colyer, Chartered Surveyors, Bank Street, Ashford. Tel.: (0233) 24561.
Burrows & Day, Chartered Surveyors, and Estate Agents, 39/41 Bank Street. Tel.: Ashford (0233) 24321.
BROMLEY & DISTRICT
Baxter Payne & Lepper, Chartered Surveyors, 1B East Street. 01-464 1181.
CANTERBURY
Geering & Colyer, Chartered Surveyors, 37a St. Margaret's St. Tel.: (0227) 57253.
MAIDSTONE
Geering & Colyer, Chartered Surveyors, 8 Colrsen House, King Street, Maidstone. Tel.: (0622) 55691.
TUNBRIDGE WELLS
Geering & Colyer, Chartered Surveyors, 22/24 High Street, Tunbridge Wells. Tel.: (0892) 25136.

LANCASHIRE
MANCHESTER
Leslie Roberts Chartered Surveyors, Valuation, Disposal, Advice and Management of Com. & Ind. Properties, Queen's Hse., Queen St., Man. M2 5LA. 061-832 5348.
PRESTON
Derrick, Wade & Waters, Unicentre, Lords Walk, Preston, Lancashire PR2 1DH. Telephone 57758. Commercial, Industrial development, investment and letting specialists throughout the UK in conjunction with Harlow office.

LEICESTERSHIRE
LEICESTER
Jarroms, 8 Peacock Lane, Leicester 52111. P.A.I. members.
MELTON MOWBRAY & OAKHAM
Walker Walton Hanson, Chartered Surveyors, Wilton Lodge, 1 Wilton Road, Melton Mowbray, LE13 0UJ. Tel.: (0664) 67555. 4 Market Place, Oakham, Rutland, LE15 6DT. Tel.: (0572) 3377.

LINCOLNSHIRE
Brogden & Co., Char. Survyrs, Estate Agents, Silver Street, Lincoln. 0522 3132.

LONDON
CITY
Noel Alexander & Partners, Property Advisers to Banks, 70 Queen Victoria St., EC4. 01-248 2258.
Bairstow Eves, Provincial House, 218/226 Bishopsgate, London EC2M 4QD. Tel.: 01-377 0137.
Chestertons, Chartered Surveyors and Estate Agents, City, Holborn and Decentralised Offices, 28 Queen Street EC4R 1BB. 01-248 5022.
City Agents, Off. Specs. 4 & 6 Copthall Ave., Moorgate EC2. 628 4200.
Collier & Madge, Chartered Surveyors and Property Consultants, 5 St. Bride Street, London EC4A 4DE. 01-353 9161.
Conrad Ritblat & Co., Consultant Surveyors and Valuers, Plantation Hse., Fenchurch St., EC3. 01-623 9118.
Hampton & Sons, Skinners Hall, 8 Dowgate Hill, London EC4. 01-236 7831.
Michael Kalmer & Co., Chartered Surveyors and Industrial Property Specialists, 181 Queen Victoria Street, EC4. 236 6871.
J. Trevor & Sons, Estate Agents, Surveyors and Valuers, 85 London Wall, EC2. 01-628 0735. Also Mayfair and Manchester.
WEST CENTRAL
Lander Burfield, Chartered Surveyors, 75 Shoe Lane, Fleet St., London EC4A 3BQ. Tel.: 01-353 7841. Telex: 23862.
Robert Irving & Burns, Office, Com. & Ind. Specialists, 23-24 Margaret St., W1N 8LE. 01-637 9821.
Bradleys Estate Agents, Valuers & Surveyors, 27 James Street, London W1.
Chestertons, Chartered Surveyors and Estate Agents, West End Offices, Factories, Warehouses, etc., 75 Grosvenor Street, W1X 1LB. 01-499 0404.
Conrad Ritblat & Co., Consultant Surveyors and Valuers, Milner House, 14 Manchester Sq., W1M 6AA. 01-935 4499.
Harrison & Partners, Office Specialists, 57 Blandford St., W1H 3AF. 01-486 8121.
Harron & Partners, 30a Sackville St., W1. Tel.: 437 2781.
Meadow Schama & Company, 79a Park Street, W1. 01-493 8892.
Reiff Diner & Co. (Office and Commercial Property Specialists), 178 New Bond Street, W1Y 9PD. 01-491 3154.
Ian Scott & Co., Estate Agents and Surveyors, Berkeley House, 20 Berkeley Street, London, W1. 01-493 8811.
Smith, Melzack, Surveyors, Valuers and Estate Agents, 17/18 Old Bond Street, W1. Tel.: 01-493 1813.
Walker Walton Hanson, Chartered Surveyors, Commercial and Investment Property, 36 Dover Street, Berkeley Square, W1X 3RB. Tel.: 01-493 1935.
SOUTH WEST
James Andrew & Ptnrs., Consultant Surveyors and Estate Agents, 62 Pall Mall, London SW1Y 5HZ. 01-839 4436.
Hampton & Sons, 6 Arlington Street, London, SW1. Tel.: 01-493 8222.
NORTH
Michael Berman & Co., Shop, Office & Industrial Specialists, 358 Regent Park Road, Finchley, N3. 01-349 9211.
NORTH WEST
Northwest, Commercial Property Consultants and Estate Agents, 2 North End Road, NW11. 01-455 3424/5.

MERSEYSIDE
LIVERPOOL
Ramsey Murdock & Partners, Commercial, Property and Investment Valuers, Derby House, Exchange Flags, Liverpool. 051-236 1448.
R. F. Spark & Co., 9 Queen Ave., Dale St., Liverpool L2 4UZ. Tel.: 051-236 0685.
Riding & Co., Industrial and Commercial Property Consultants, Estate Agents and Valuers, 2nd Floor, Martins Buildings, 4 Water Street, Liverpool L2 3SP. Tel.: 051-227 3314/5.
SHOPS, OFFICES, FACTORIES throughout the UK.
Mason Owen & Partners, Commercial Property Consultants, Gladstone House, Union Court, Castle Street, Liverpool L2 4UQ. Tel.: 051-227 3851. Also at London, Manchester, Dublin.

MIDDLESEX
HEATHROW
Rogers, Chapman, Industrial, Commercial, Surveyors and Property Consultants, The Lodge, Harmondsworth, West Drayton. 01-759 0966.
HARROW
Arthur Payne & Co., Commercial Property Agents. 01-863 6787/9761.
HOUNSLOW
Horne & Sons, Chartered Surveyors. 181 High Street. Tel.: 01-570 2244.
STAINES
Richard Brampton & Co., Surveyors, Agents and Valuers, 25 Windsor Road, Wraysbury. Tel.: Wraysbury 2288.
Emmitt Rathbone, Commercial, 15 Clarence Street, Staines. Tel.: 59321.

NORFOLK
The A. G. Ebbage Partnership, Exchange Street, Norwich. Tel.: (0603) 28971. Telex: 97372. Commercial and Industrial Surveyors, Residential Agents. The AGE of Property Expertise covering East Anglia to the City of London.

NORTH EAST
Storey Sons & Parker, Chartered Surveyors, Newcastle 0632 26291, Middlesbrough 0642 248301. Stokesley 0642 710583. Morpeth 0670 57393.

NOTTINGHAMSHIRE
MANSFIELD
Walker Walton Hanson, Chartered Surveyors, Commercial and Residential, 45 Stockwell Gate, Mansfield NG18 1LA (0623) 35427.
NOTTINGHAM
Cavanagh William H. Brown, Rent Reviews, Valuations, Acquisitions, Sales, Lettings, 92 Friar Lane, Nottingham. Tel.: (0602) 40747. Also at Newark, Grantham, Leicester, Lincoln, London.
Hallam Bracket & Co., Chartered Surveyors. For advice on all types of commercial and industrial property throughout Nottingham and the East Midlands. 8 Low Pavement, Nottingham NG1 7DR. Tel.: (0602) 51414. Telex: 37273.
Walker Walton Hanson, Chartered Surveyors, Commercial and Residential, 5 Byard Lane, Bridlesmith Gate, Nottingham NG1 2GL. (0602) 54272.

OXFORDSHIRE
OXFORD
Buckell & Ballard, 58 Cornmarket St., Oxford. Tel: (0865) 40801 & 15 Offices.

SUFFOLK
BURY ST. EDMUNDS, EAST ANGLIA
Lacy Scott, Commercial, Agricultural and Residential Surveyors and Auctioneers, 3 Hatter Street (0284) 63531.

SURREY
GUILDFORD
Cubitt & West, Commercial Surveyors, 44 High Street, Guildford. 0483 77277 or 60565. 18 offices in Surrey, Sussex and Hampshire.
WOKING
David Smithyes Partnership, Commercial Consultants, 1 West Street, Woking. Tel.: Woking 65666.

SUSSEX
Clifford Dann Commercial, Chartered Surveyors, Albion House, Lewes (07916) 4375. (Six local offices.)
Stiles, Horton Ledger, Surveyors, 8 Pavilion Buildings, Brighton. Tel.: 25161, and at Hove 720771, Eastbourne 38244, Worthing 37992 and Crawley 516661.
Geo. White and Co. (Commercial Department) 28/29 Ship Street, Brighton. 0273 29118 (8 local offices).
CRAWLEY
Philip James Associates, 6 Brighton Road (0293) 21156.
HAYWARD'S HEATH
Geering & Colyer, Chartered Surveyors, 133 South Road, Hayward's Heath. Tel: (0444) 57311.
HORSHAM
King & Chasemore (Commercial), Carfax, Horsham. Tel.: (0403) 64441.

WILTSHIRE
Buckell & Ballard, 106 Commercial Road, Swindon. Tel.: (0793) 44511.

WALES
Powell & Powell, Chartered Surveyors, Commercial and Industrial Specialists, 6-7 St. John's Square, Cardiff CF1 2SB. Tel.: 27666, also at Gloucester 3644.
BRIDGEND
David E. Little Ptnrs., Chart. Survys., 36a Caroline St., Mid Glam. (0656) 53445.
TYWYN GWYNEDD
Fisher Arbitt & Co., Auctioneers, High Street LL36 9A0. (0654 710388).

YORKSHIRE
SHEFFIELD
T. Saxton & Co., Chartered Surveyors, Estate Agents and Valuers, 53 Queen Street, Sheffield. Tel.: 77636 and 10 The Crofts, Rotherham. Tel.: 77179; New Office: 31 Market Place, Retford. Tel.: 704748.
Eadon Lockwood & Riddle, Chartered Surveyors, Property Consultants. Sales and Advice in connection with Commercial & Industrial Properties. Portfolio. Property Management, Investment. 6a Campo Lane, Sheffield S1 2EF. Tel.: 71277. Telex: 547490 ELR.

SCOTLAND
ABERDEEN
Burnett (F. G.), Chartered Surveyors, Valuers & Estate Agents, 33 Albyn Place, Aberdeen AB9 8SA. Tel.: (0244) 572661.
James R. Thomson (Properties) Ltd., 23 Crown Street, Aberdeen AB1 2HA.
Webster & Co. (Chartered Surveyors), 60 Union St., AB1 1BB (0224) 52687/8.
Kenneth Ryden & Partners, Chartered Surveyors, 201 Union Street, Aberdeen AB1 1QS. Tel.: 0224 24308/9.
EDINBURGH
Hillier Parker, May & Rowden, 5 Charlotte St., South Edinburgh. Tel: 031-225 5988.
Kenneth Ryden & Ptnrs., 71 Hanover St., Edinburgh. Tel.: 031-225 6612.
GLASGOW
Kenneth Ryden & Partners, 121 West George St., Glasgow. Tel.: 041-221 8591.
Webster & Co., 21 West Nile St., Glasgow. Tel.: 041-204 0771.

PLANT & MACHINERY

Airey Entwistle, 28/34 Cross Street, Manchester M2 7AQ. Tel.: 061-834 9177.
Bairstow Eves, Valuers and Auctioneers of Plant and Machinery and Trade Stocks throughout the U.K., Provincial House, 218/226 Bishopsgate, London EC2M 4QD. Tel.: 01-377 0137.
Frank G. Bowen Limited (Est. 1824), Specialist Auctioneers and Valuers of Machine Tools, Textile Machinery, Trade Stocks, etc., in the U.K., 15 Greek Street, Shaftesbury Avenue, London W1V 0NY. Tel.: 01-437 3244.
Henry Butcher & Co. inc. Leopold Farmer & Sons, Auctioneers & Valuers, Brownlow House, 50/51 High Holborn, London WC1V 6EG. Tel.: 01-405 8411. Telex: 897377. Also at Birmingham and Leeds.
Colebrook, Evans & McKenzie, 5 Quality Court, Chancery Lane, London WC2A 1HP. Tel.: 01-242 1362. Specialist Valuers and Auctioneers to the Printing Industry.
Eddisons, Chartered Surveyors, Industrial Building, Plant & Machinery, Auctioneers & Vlrs., Pennine House, Russell Street, Leeds LS1 5RZ. Tel.: (0532) 30101. Also at Huddersfield, Bradford & Halifax.
Edwards, Bigwood, Bewley, 78 Colmore Row, Birmingham B3 2HG. Tel.: 021-236 8477.
John Foord, Chartered Surveyors, Valuers and Auctioneers of Industrial Property, Plant and Machinery in the UK and abroad for 150 years. 61 Queen's Gardens, London W2 3AH. 01-402 8361.
Fuller Peiser, Chartered Surveyors, 3 Hartshead, Sheffield, S1 2EL. Tel.: (0742) 750161 Telex 547098. Head Office London. Plant and Machinery Valuers, Agents for Commercial and Industrial Property. Rating Surveyors. Fire loss Assessors. Project and Property Managers.
Grimley & Sons, 2 St. Phillip's Place, Birmingham 3. Tel.: 021-236 8236.
Hamnett Rafferty, Chartered Surveyors, Auctioneers and Valuers of Plant Machinery and Factory Premises throughout United Kingdom: PO Box 1, 30 High Street, High Wycombe, Bucks. Tel.: (0492) 21234.
Industrial Plants Corporation (UK) Ltd., Auctioneers and Valuers of Plant and Machinery, 71a Salisbury Street, Hull HU5 3DU. Tel.: 0382-492872. Telex: 527562. Established U.S.A. 1919.
Jarroms, 8 Peacock Lane, Leicester, 52111. P.A.I. members
King & Co., Chartered Surveyors, 1 Snow Hill, London EC1A 2DL. Tel.: 01-236 3000. Telex: 885485.
Norman Levy Associates Overseas, Guaranteed Valuations and Auctions of Plant and Machinery, Morley House, 314/322 Regent Street, London W1R 5AH. Tel.: 01-631 0707. Telex: 887291. Levy G.
Edward Rushton, Son & Kenyon (Est. 1855), Auctioneers, Loss Assessors & Valuers, 10 Carlos Place, Grosvenor Sq., London W1Y 6HA. Tel.: 01-493 6787 and at Birmingham, Dublin, Manchester, Sydney, Melbourne & Brisbane.
Edward Symmons & Partners, Auctioneers & Valuers, 56/62 Wilton Road, London SW1V 1DH. Tel.: 01-834 8454 and at Manchester.
Walker Walton Hanson, Chartered Surveyors, Auctioneers & Valuers of Plant and Machinery throughout the United Kingdom at Nottingham, 5 Byard Lane, Bridlesmith Gate, NG1 2GL. Tel.: (0602) 54272; 45 Stockwell Gate, Mansfield, Nottinghamshire NG18 1LA. Tel.: (0623) 35427; Wilton Lodge, 1 Wilton Road, Melton Mowbray, Leicestershire LE13 0UJ. Tel.: (0664) 67555; 4 Market Place, Oakham, Rutland, Leicestershire LE15 6DT. Tel.: (0572) 3377; and 36 Dover Street, Berkeley Square, London W1X 3RB. Tel.: 01-493 1935.
Weatherall Green & Smith, Chartered Surveyors / Estate Agents, 22 Chancery Lane, London WC2. Tel.: 01-405 6944. & Austin Friars, London EC2. 01-636 9011.
Weatherall, Hollis & Gale, Chartered Surveyors / Estate Agents, C.M.A. House, 29 King Street, Leeds. Tel.: 0532 442066.

NEW OXFORD ST

LONDON WC1

TO LET 12,950 SQ FT REFURBISHED OFFICES

Ground, Floor and Basement showroom also available

* Marble Entrance Hall
* Central Heating
* Suspended Ceilings
* Passenger Lift
* Modular Light Fittings
* Fitted Carpets

DOUGLAS YOUNG & COMPANY

Chartered Surveyors
1 VINTNERS' PLACE
LONDON EC4V 3AD
01-248 3884

By Order of the Secretary of State for Defence

E II R

GILLINGHAM, KENT

FOR SALE BY TENDER

Approximately seven acres of first-class residential building land together with 25 former officers married quarters

IN ALL ABOUT 12.5 ACRES
FREEHOLD

Particulars and Tender Forms (returnable 28th October, 1980) from:

DARLANDS

Ward & Partners

Chartered Valuation Surveyors, Auctioneers and Estate Agents
19 High Street, Rainham
Gillingham, Kent ME8 7HZ
Tel: Medway (0634) 373531

DONCASTER, YORKSHIRE

FREEHOLD INDUSTRIAL LAND

FOR SALE

34 ACRES

with existing I.D.C. and buildings

Full details:

Leavers, 36 Bruton Street, London W1X 8AD, Tel: 01-629 4261, Telex: Leavers Ldn 269398

Henry Spencer & Sons, 3 St. James' Row, Sheffield S1 1WX, Tel: 0742 79102

HIGH STREET, SIDCUP, KENT

NEW OFFICES

ON ONE FLOOR ONLY

6727 sq. ft.

TO BE LET

BAXTER PAYNE LEPPER

Chartered Surveyors

W.1.

Refurbished Offices

TO BE LET

3,300 sq. ft. All Amenities

Herring Son & Daw

Chartered Surveyors
01-734 8155

MULTI-STOREY INDUSTRIAL FREEHOLD BUILDING

More than 290,000 square feet for less than £250,000—situated within 10 miles of Manchester. 75% mortgage at 10% fixed available to pass on. *Principals interested in a quick deal should reply to Box T.5343, Financial Times, 10 Cannon Street, EC4P 4BY.*

79/80 Blackfriars Road London SE1

A self contained office building

7,775 sq. ft. approx.

ref: J.A.H.

Herring Son & Daw

Chartered Surveyors
26/28 Sackville Street
London W1X 2QL
01-734 8155

CITY OF LONDON OFFICES

12 GROVELAND COURT EC4

A Superb Self-contained Building

5,030 sq ft

TO BE LET

Apply Sole Agents

74 Grosvenor Street
London W1X 9DD
01-491 2768

Cluttons

FOR SALE

WAREHOUSE PREMISES

NEWPORT, GWENT

* 13,996 sq. ft. Warehouse
* 756 sq. ft. Storage
* 896 sq. ft. Offices
* Good Yard Space for Parking and Loading
* Estuary Access
* 10 minutes from M4
* Town Centre close by

For details apply:
Simon C. Walters
Dorada Holdings Limited
Dorada House, Dorking, Surrey
Tel: (0306) 5941

Peterborough Cambridgeshire

FREEHOLD FOR SALE

Modern Single Storey Factory and Land

41,650 sq ft on 6.95 acres

King & Co
01-236 3000

ST. JAMES'S

OFFICE SUITE TO BE LET

1,063 sq.ft.

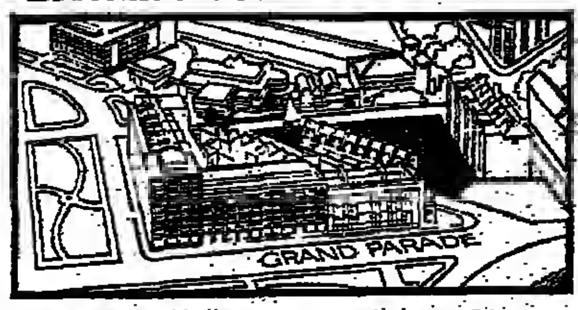
Ground Floor With Window Frontage

All Amenities

Herring Son & Daw

Chartered Surveyors
01-734 8155

Britain's best seaside site?



Eastbourne. Offers invited.

The 0.6 acre Devonshire Baths site, just off Eastbourne seafront and surrounded by the town's entertainment/conference complex, between Grand Hotel and TGWU Centre. Three disused swimming pools and a house still stand on the site. Possibility of extending site to 1 acre. The Borough Council invites offers for this important development site—either for the freehold, or 125-year lease. Enquiries to the joint agents:

Stiles Horton Ledger
18 Gildredge Road Eastbourne BN21 4RL Tel. (0323) 36244

BRACKETTS 114 South Street Eastbourne BN21 4LZ Tel. (0323) 30373

Bairstow Eves

EIIR

On instructions from Secretary of State for the Environment

SOUTHEND-ON-SEA, ESSEX

EXCELLENT TOWN CENTRE OFFICES

APPROX. 21,275 SQ. FT.

- CARPETED
- GOOD NATURAL LIGHT
- CENTRAL HEATING
- RECENTLY PARTITIONED
- LIFTS
- PABX AVAILABLE

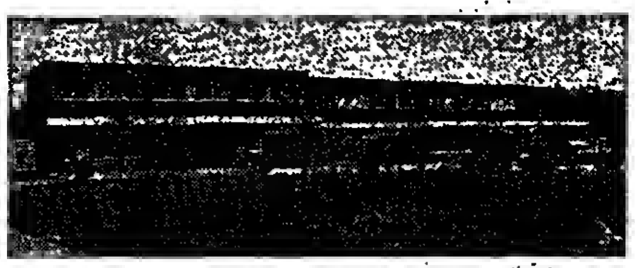
Present Rent Under £2 per sq. ft.

LEASE FOR DISPOSAL

Apply: 200 LONDON ROAD, SOUTHEND-ON-SEA, ESSEX SS1 1PJ
TEL: (0702) 338133 City Office 01-377 0137

EXCELLENT SHOPPING INVESTMENT

DRONFIELD WOODHOUSE NR. SHEFFIELD



Extremely busy modern shopping/flat development amidst completed residential scheme in excess of 2,000 houses

10 SHOP UNITS — 1 SUPERMARKET — 7 FLATS

FREEHOLD FOR SALE
All fully let on 35-year leases with reviews in 1980 and 1981
Illustrated brochure and further information:
Mark Jenkinson & Son,
8 Norfolk Row, Sheffield S1 2PA.

100%

INDUSTRIAL BUILDING ALLOWANCE

NEW DEVELOPMENT IN OXFORDSHIRE OF SMALL INDUSTRIAL UNITS, EACH UNDER 2,500 SQ. FT.

FOR SALE FREEHOLD

£1,290,000

Initial vacancies guaranteed by major company or full guarantee might be available on agreed terms.

Would sell in two blocks at £685,000 and £605,000

Ref: KN GRANT & PARTNERS Sole Agents:

50, Mount St., London W1Y 5RE. Tel: 01-629 8501. Telex: 298943.

MAJOR U.S. COMPANY REQUIRES

50—100,000 sq.ft. OFFICES

West/South West/North West London
Hants/Berks/Bucks/Surrey

Occupation by December 1981

Details to Box No. T5341
FINANCIAL TIMES, 10 CANNON STREET, EC4P 4BY

APPOINTMENTS

New National Freight Board

Five senior executives of the National Freight Corporation are among the directors of the NATIONAL FREIGHT COMPANY announced by the Minister of Transport. Also appointed to the board of the new company are the five present non-executive directors of National Freight Corporation.

Sir Robert Lawrence, chairman, and Mr. V. G. Paige, deputy chairman, of the National Freight Corporation were appointed directors of the new company by the Minister of Transport when National Freight Company was registered on June 30.

The full board of the National Freight Company is: Sir Robert (part-time chairman), also a part-time vice-chairman of British Railways Board. Mr. Paige (part-time deputy chairman), also part-time chairman of Port of London Authority. Mr. P. A. Thompson, deputy chairman, also chief executive, National Freight Corporation.

Executive directors: Mr. B. R. Hayward, group managing director, National Carriers; Mr. J. D. Mather, group managing director, special traffics; Mr. J. K. Watson, director of finance, National Freight Corporation; and Mr. D. H. White, group managing director, British Road Services.

Non-executive directors: Mr. F. S. Law, chairman of Varta, Altana and IWKA Groups and director, B. Elliot and Co.; Mr. P. G. Scott, member, construction board of Sir Robert McAlpine and Sons; Mr. J. E. B. Sieve, director, Metal Box; Mr. P. H. Spriddell, director, Marks and Spencer; and Sir Ronald Swayne, chairman, Overseas Containers and of Australia Japan Container Line and a director of Ocean Transport and Trading.

Secretary to the board is Mr. P. A. Mayo, NFC's director of legal services.

Under a Ministerial Order made on September 11, 1980, the assets, liabilities and business of the National Freight Corporation will be transferred to the National Freight Company Limited on October 1 and the corporation will cease to exist.

This is a step in the implementation of the 1980 Transport Act which provides, among other things, for the introduction of private capital into the National Freight Corporation.

★

Mr. Nicholas Leigh, general manager of the Orpington branch of AMARI PLASTICS, has been appointed a director of the company.

★

Mr. Richard A. Mould has been appointed sales director of AMSTRAD CONSUMER ELECTRONICS.

★

Mr. S. A. Constance has been elected by MANUFACTURERS HANOVER TRUST COMPANY as senior vice-president and deputy general manager. He will be officer-in-charge of a newly-established merchant banking group which will have responsibility for investment banking activities worldwide.

The new group will include Manufacturers Hanover Limited, London, and Manufacturers Hanover Asia, Hong Kong, in New York, investment banking functions of the Corporate Finance Department, M. H. Limited activities, international asset management and a consolidation of the bank's project finance activities. Mr. Constance will continue to be based in London.

Mr. W. Trevor Robinson, senior vice-president and general manager of London branch, will remain responsible for all other MHT units in the UK in addition to the branch at 7 Princes Street. Mr. John L. McCarthy, senior vice-president, will supervise the group in New York, reporting to Mr. Constance. Assisting him will be Mr. Kenneth E. Macwilliams, vice-president, who will head the investment banking functions now in corporate finance, Mr. Garry Southern, vice-president, to supervise current MH Limited activities in New York, and Mr. Patrick Wilmerding, vice-president, in charge of international asset management.

★

Mr. J. P. G. Blampied has been appointed a director of JERSEY GENERAL INVESTMENT TRUST.

★

Mr. C. Bradford Kelly, vice-president at the FIDELITY BANK, joins the staff of the bank's London office at 60/63 Aldermanbury, in October. He will be responsible for the development and maintenance of the bank's corporate business relationships in Western Europe.

★

Mr. Robin Fairlie is to become managing director of COLLIER MACMILLAN DISTRIBUTION SERVICES, a subsidiary of Cassell and Collier Macmillan. Mr. Fairlie, at present a director of Reader's Digest Association, takes up his new position next month.

★

The Lord Chancellor has appointed Mr. G. A. Barratt to be a Master of the Chancery Division of the High Court from November 24.

★

BANKERS TRUST COMPANY states it will open a representative office in Belgrade, Yugoslavia, in November and will be the first American-based bank to have an office in that country. Resident representative in charge in Belgrade will be Mr. Brian V. Simblist, vice-president, who was previously assigned to the Bankers Trust branch in London with responsibilities for banking relationships in Yugoslavia.

Mr. Brian Simblist

★

Mr. K. Swart has been appointed chairman of the supervisory board (Raad van Commissarissen) of ROYAL BOSKALIS WESTMINSTER NV of Papendrecht, Holland. He succeeds Mr. L. E. J. Brouwer, who remains on the supervisory board.

★

Mr. C. H. Goldsmith, manager for Scotland for the ALLIANCE BUILDING SOCIETY, has been appointed assistant general manager (branches).

★

Mr. Delwyn D. Dennis, formerly senior vice-president and general manager, Canada Life Assurance Company in the UK and Ireland, has been appointed to the Board of GOOD RELATIONS CITY. Mr. Dennis is a director of Canada Life of Great Britain and Canlife Unit Trust Managers.

★

The board of POLYAMIDE INTERMEDIATES, a joint venture of Monsanto Limited and Montefibre (UK) for the production of nylon intermediate chemicals, has been reconstituted. Its directors are: Mr. Eric Sharp (chairman), Mr. R. O. Nellums, Dr. Franco Pace, Mr. F. E. Reining, Dr. Carlo Vannini and Ing. Luciano Varalda. Mr. L. S. Blackshaw is secretary.

★

Dr. Leo Wehrli has succeeded Dr. A. Semadeni as management chairman of WILD HEERBRUGG AG, of Heerbrugg. Dr. Semadeni has retired.

★

Mr. David Paculabo has been appointed commercial director of RACAL-DECCA MARINE RADAR following the retirement of Mr. Charles Tayler. Mr. Paculabo was previously with Plessey.

★

Mr. Dennis Pritchard has been appointed managing director of WELLMAN INCANDESCENT and will continue as managing director of member company British Furnaces.

★

Mr. Douglas W. Grant, an executive director of ALEXANDERS DISCOUNT COMPANY, is to become managing director on October 1 in place of Mr. Ivan W. K. Smith, who retires at the end of this month. Mr. Paul F. P. Williams will be deputy to Mr. Grant.

SHOPS AND OFFICES

BELGRAVIA

SELF-CONTAINED OFFICE BUILDING

Lease For Sale
2,300 sq. ft.
PETER BROMWICH & CO.
30a Sackville Street
London W1X 1DB - 01-439 7744

METRO HOUSE

ST. JAMES'S STREET S.W.1.

1,761-4,381 sq. ft.

Good Offices. No sensible offer refused for letting until June 1982. LEAVERS, 01-629 4261. Ref. D.B.I.

UNIQUE OPPORTUNITY to acquire, on sale or lease, extensive modern relocatable office premises, part two storey at less than half current costs . . . the building, only two years old is being used as an open plan computer accounts section of a large multi-national company situated in the northern home counties but is eminently suitable for any number of purposes on your own site, office accommodation, stores, dormitories, etc. In total over 17,500 square feet at a purchase cost of under £7.50 per square foot including all electrical fittings, heating, decoration, floor coverings, etc., to a high specification. Available late 1980, the attractive building could be easily converted into three separate blocks of approximately 6,000 square feet each. Toilet accommodation is also available. Transport, relocation and erection anywhere in the U.K. at keen commercial rates, with modification of internal layout if required for specific purposes. For further details and to view contact R. Tooley at Elliotts of Peterborough Ltd., Peterborough PE2 8EE. Tel: 0733 52151.

FOR INVESTMENT

RESIDENTIAL PROPERTY INVESTMENT

EARLS COURT — in prime position, block of 10 self contained modern flats producing £23,000 p.a. for sale as going concern or with possibility of vacant possession for break-up purposes. Lease 82 years. £210,000. 01-937 3710

ANNOUNCEMENTS

M. J. CHRISTMAS, A.R.I.C.S., is pleased to announce the commencement on the 22nd September of his company Martin Christmas & Co., Chartered Surveyors, 53/54 Broad Street Avenue, Blomfield Street, London EC2M 1PS. Tel: 01-920 9651.

BERKSHIRE

"Golden Triangle"

FREEHOLD OFFICE DEVELOPMENT SITE

FOR SALE

with outline consent for 20,650 sq ft

Apply Sole Agents

CHURSTON HEARD & CO.,
Berkeley Square House
Berkeley Square, W1X 6DE
Tel: 01-409 2199

WANTED FREEHOLD

South-East, close to Heathrow or Gatwick

Premises or site for research & development

Minimum 80,000 sq. ft.

Write Box T.5342, Financial Times, 10 Cannon Street, EC4P 4BY

CITY EC1

off Holborn

Prestige 2,800 sq. ft. Offices
2 remaining floors.
Telephones installed
Imposing renovated building
DANBER & CO.,
36/40, Wigmore Street, W1
01-486 9886

TO LET — NEAR MAIDSTONE

Light Industrial or Storage Unit

9,000 sq. ft.

WALTER & FORKNALL
30/32 King Street, Maidstone
Tel: (0622) 57225/9

PUBLIC PROPERTY COMPANY REQUIRE PRIVATE PROPERTY COMPANY

All propositions considered in confidence
PARKER & CO.
(Chartered Surveyors)
Unicentre, Lords Walk, Preston
0772 23516

HADLOW DOWN, EAST SUSSEX. Approximately 60½ acres of Commercial Woodland—41½ acres Chestnut Coppice, 13 acres Conifer Plantation. Conveniently located with good access. For Sale by Auction 23rd October. Auctioneers: St. John Smith & Son, Uckfield, East Sussex. (Tel: 0825 4111.)

FACTORIES AND WAREHOUSES

KIDDERMINSTER

Modern Single Storey
INDUSTRIAL/WAREHOUSE UNIT
13,350 sq. ft.
Rent only £1.32 per sq. ft.
Lease for Sale
SHIPWAYS
(021-454 8111)

WEST DRAYTON, Middx.—6,800 sq. ft. Warehouse and offices built '72. Parking for 16 cars. Unrestricted loading. Excellent order throughout. Lease for sale. Edward Gray & Co. 01-903 0121.

INTERNATIONAL PROPERTY

Canary Isles - Land for sale

As investment or for development.

100 hectares on south coast Tenerife. 15 kms from new international airport: detailed development zoning plan completed and approved.

50 hectares on north-west coast of Fuerteventura.

48 hectares 10 kms from north coast Fuerteventura.

Large to small plots/tracts on west coast Fuerteventura up to 1,400 hectares: general zoning plan approved.

Principals only apply for details to Proprietor, Box T.5340, Financial Times, 10 Cannon Street, EC4P 4BY.

U.S.A. CHICAGO AREA OFFICE BUILDING INVESTMENT

Net Lease. AAA Tenant. AAA Location. 22,000 sq ft on approx. 4 Acres. Nets US$181,500 annually. Expansion potential

Write Box T5334, Financial Times, 10 Cannon Street, EC4P 4BY or Arthur Rubloff & Co., Chicago, Illinois, USA

ALGARVE

Portugal

Attractive Hotel Site 510 beds, plus full facilities inc. conference, at centre of Algarve on beach.
Site or Turn Key Investment available.
Consortium considered.

MALAGA

Spain

35-hectare Site with full planning for Villas and Apartments, on eastern side of Malaga itself.
Both propositions confidentially available. First time advertised. Principals only.
Ref. PJF.

FIELD AND THOMAS
Brighton 21375 Telex 87323
Leisure Dept., 4 Little East Street

BASE LENDING RATES

A.B.N. Bank	16 %	■ Hambros Bank	16 %
Allied Irish Bank	16 %	■ Hill Samuel	§16 %
American Express Bk.	16 %	C. Hoare & Co.	†16 %
Amro Bank	16 %	Hongkong & Shanghai	16 %
Henry Ansbacher	16 %	Industrial Bk. of Scot.	16½%
A P Bank Ltd.	16 %	Keyser Ullmann	16 %
■ Arbuthnot Latham	16 %	Knowsley & Co. Ltd.	18 %
Associates Cap. Corp.	16 %	Langris Trust Ltd.	16 %
Banco de Bilbao	16 %	Lloyds Bank	16 %
Bank of Credit & Cmce.	16 %	Edward Manson & Co.	17 %
Bank of Cyprus	16 %	Midland Bank	16 %
Bank of N.S.W.	16 %	■ Samuel Montagu	16 %
Banque Belge Ltd.	16 %	■ Morgan Grenfell	16 %
Banque du Rhone et de la Tamise S.A.	16½%	National Westminster	16 %
Barclays Bank	16 %	Norwich General Trust	16 %
Bremar Holdings Ltd.	17 %	P. S. Refson & Co.	16 %
Brit. Bank of Mid. East	16 %	Rossminster	16 %
■ Brown Shipley	16 %	Ryl. Bk. Canada (Ldn.)	16 %
Canada Perm't Trust	17 %	Schlesinger Limited	16 %
Cayzer Ltd.	16 %	E. S. Schwab	16 %
Cedar Holdings	16 %	Security Trust Co. Ltd.	17 %
■ Charterhouse Japhet	16 %	Standard Chartered	16 %
Choulartons	16 %	Trade Dev. Bank	16 %
C. E. Coates	16 %	Trustee Savings Bank	16 %
Consolidated Credits	16 %	Twentieth Century Bk.	16 %
Co-operative Bank	*16 %	United Bank of Kuwait	16 %
Corinthian Secs.	16 %	Whiteaway Laidlaw	16½%
The Cyprus Popular Bk.	16 %	Williams & Glyn's	16 %
Duncan Lawrie	16 %	Wintrust Secs. Ltd.	16 %
Eagil Trust	16 %	Yorkshire Bank	16 %
E. T. Trust Limited	16 %		
First Nat. Fin. Corp.	19 %		
First Nat. Secs. Ltd.	19 %		
Robert Fraser	16 %		
Antony Gibbs	16 %		
Greyhound Guaranty	16 %		
Grindlays Bank	‡16 %		
■ Guinness Mahon	16 %		

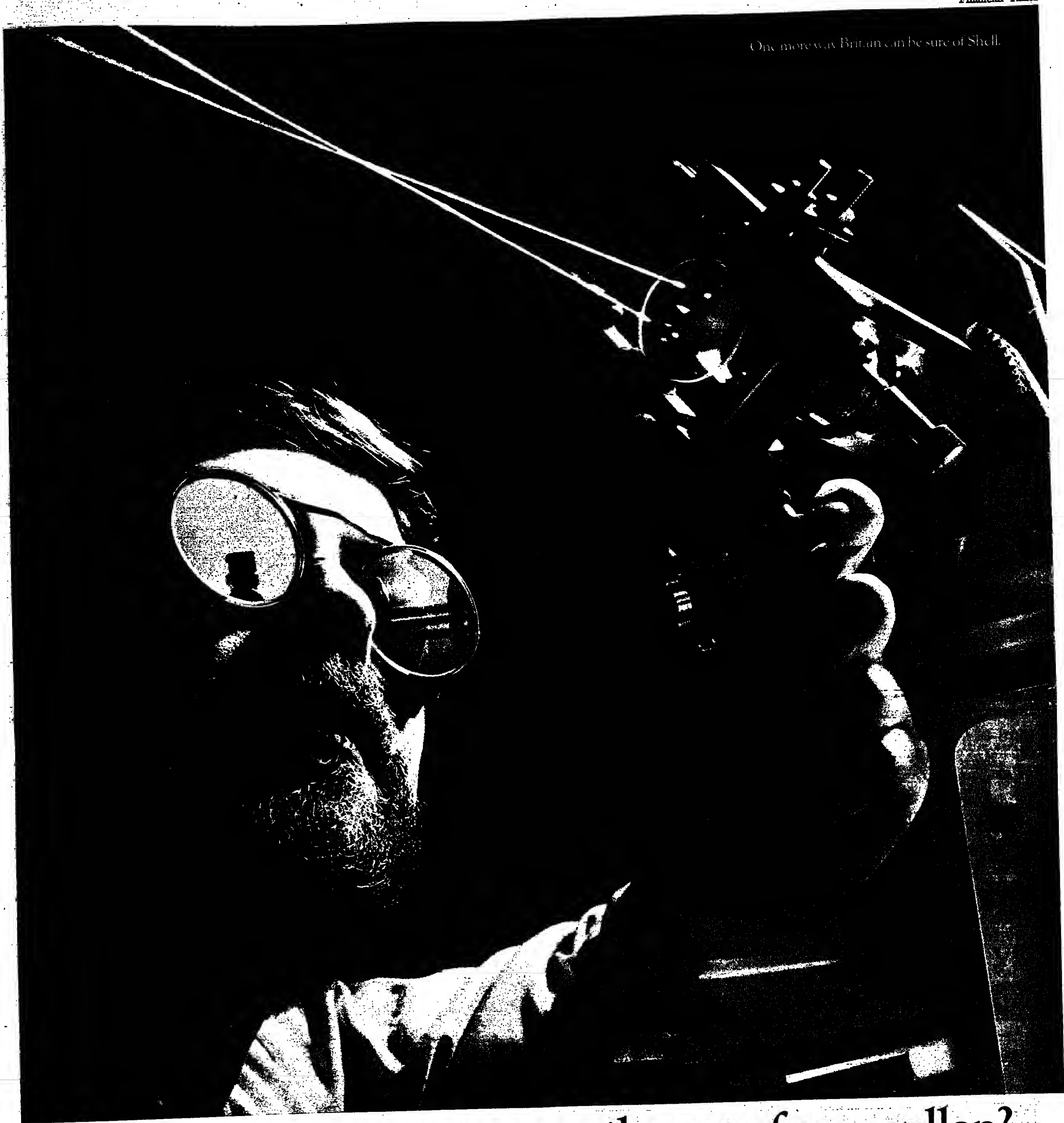
■ Members of the Accepting Houses Committee.

* 7-day deposits 14%. 1-month deposits 14¼%.

† 7-day deposits on sums of £10,000 and under 14%, up to £50,000 14½% and over £50,000 15%.

‡ Call deposits over £1,000 14%.

§ Demand deposits 14½%.



How can we squeeze more miles out of your gallon?

Shell's laser 'eye' reveals some secrets.

Dr. Martin Swords, Shell Scientist, Thornton Research Centre.

"One of the biggest problems in engine design is finding out just what's going on inside while the engine's running.

Engineers have long known that the turbulence of the petrol mixture and gases swirling inside the cylinder has an important effect on performance – but the difficulties of measuring the characteristics of a gas cloud which explodes about every 12 milliseconds, reaches 1500°C and is locked away inside thirty or forty pounds of metal, have proved insurmountable until now.

We are now able to drill holes in an engine cylinder, insert thick quartz windows and punch laser beams through the gas clouds as they mix and burn.

Using this technique we can work out the turbulence and the velocity of the gases. Engineers and scientists can use this data to improve both the cylinder geometry and the chemistry of the fuels.

Since we estimate that this new information could help to bring about fuel economy improvements as great as twenty per cent, it is a development of some consequence.

If you think of the difference such a saving would mean to you, it's easy to see why we think this work is so important."

FINANCIAL TIMES SURVEY

Friday September 19 1980

FRANKFURT

Frankfurt continues to thrive as a leading centre for European trade and international finance, despite a physical environment that leaves much to be desired. Described as 'ungovernable' in the early 1970s, it is now a more peaceful place. Yet the city's very success has also left a legacy of intractable social problems.

A city wanting to be loved

By Kevin Done

FRANKFURT is a city that very much wants to be loved. Perhaps befitting the place that is the capital of West Germany's advertising industry it appears to be obsessed with its image. In the post-war development of the Federal Republic it has emerged as the country's undisputed financial capital, it is the centre of one of the most dynamic trading and industrial regions in the whole of West Germany, the focal point of the country's communicetions, whether by air, rail or road and has by far the highest per capita gross domestic product of any of the big German cities. But it is not loved.

The city authorities have just taken delivery of a report from one of the country's leading opinion research institutes, which indicates that 78 per cent of the people answering a sample question on the reputation of the major West German cities think that Frankfurt does "not have a good reputation." Only 6 per cent think it does. At the other end of the scale Munich is held to have "a good reputation" by 70 per cent of those questioned, and only 2 per cent think it does not.

As the survey delves deeper into people's attitudes towards the city, examining the perception of Frankfurt both through the eyes of its inhabitants and of people who have never, or have only rarely visited it, it begins to become clear that Frankfurters themselves are not all so ill-disposed to the city as has been popularly supposed. Nearly one in four Frankfurters say they would like to live somewhere else, but three out of every four say they are content to stay in the city.

Dissatisfaction in the other big towns of the Federal Republic is certainly less, but not substantially. Where the study finds the biggest discrepancy, however, between the attitudes of Frankfurters and the inhabitants of other large cities is among the recent arrivals. As many as 57 per cent of the people questioned who had lived in Frankfurt for only five years or less said they would like to live somewhere else. The equivelent figure for the other big cities is only 26 per cent.

The study offer few ready solutions to the problem, but it does present an identikit pitcure of the sort of person who would be most likely to feel himself at home in the Main region's metropolis. Frankfurt enthusiasts — and the study does turn up some people who say that Frankfurt would be their first-choice city in the Federal Republic in which to live—think that sophisticated transport communications are more important than bicycle tracks. They are more motivated by the chances of earning high salaries than by the number of children's playgrounds.

It is important to them thet their city should be the location of the headquarters of major banks, companies and institutes. They have an above everage interest in "gourmet" restaurants and culturally they go especially for "concerts with famous musicians."

It is this Frankfurt enthusiast, who perhaps holds the key to how the Frankfurt of the future will develop—or at least to how the city will encourage "the image of Frankfurt" to develop. For the city authorities appear to be taking seriously the advice they are getting from advertising moguls that there is only one way to chenge a bad product image. Do not preoccupy yourself with the negative features, just find enough positive ones to stress to obscure them.

Beneath the image, however, the realities of Frankfurt have already started to change. It is, for example, a much more peaceful place than it was 10 or even five years ago. And the city has given up too the attempt to try to demolish its past and to replace it with a utilitarian present.

Air raids

The magnitude of the task of rebuilding the city after the Second World War cennot be underestimated. Four-fifths of all the buildings had either been damaged or destroyed during 33 air raids. Of 177,000 homes in the city in 1940, only 93,000 remained standing in 1945. The population had shrunk by more than half to 265,000. The history is important because the appearance of the city now has chiefly been formed by the actions of the last 35 years.

An attractive panorama over the iron footbridge towards the Cathedral. But elsewhere in the city, property speculation and poor planning have left visual scars

Little attempt was made to rebuild winding medieval streets and the narrow gabled buildings. Instead, Frankfurt was re-constructed on modern lines in reinforced concrete and glass, with wide roeds suitable for cars but with little attraction for people. One could be forgiven for thinking that what was not destroyed in five years of war has subsequently been knocked down by the developers.

What was not dameged, however, was Frankfurt's natural location as a crossroads for European trade and as a centre for International finance. It was the city after all which gave the world the Rothschild dynasty, which has been running trade fairs at least since the 13th Century and which had established its first stock exchange in 1585. In the dramatic economic surge forward of the post-war period that has made Frankfurt the focus of one of the most prosperous regions of West Germany, the main work-place for e population of some 2m people in the Rhine/Main conurbation, its trading and financial pedigree has never been in doubt. What was lacking in the planning, however, was e feeling for the human scale of life, for life lived at street level.

Frankfurt missed out narrowly in the vote to become the capital of the new Federal Republic, but was made the home of the Bündesbank, the West German Central Bank, and with the rise of the Deutschemark the city has risen too, pulling to it an ever growing foreign population — one in every four people in Frankfurt is non-German, a sign of this economic dynamism.

It is now the base for 338 banks, of which 186 are foreign institutions, and it is the international headquarters of three of the world's largest: Deutsche Bank, Dresdner Bank and Commerzbank. It has the most highly developed tertiary sector of any German city, is the capital of the West German advertising industry and the home of countless trade federations—including the associations of the motor car, mechanical engineering and chemicals industries, three of the largest sectors of German industry—and it has as well the headquarters of the western world's largest trade union, I.G. Metall.

Frankfurt itself is still relatively small with an official population at the beginning of the year of 631,234, but it is the workplace of a much larger population. It has some 520,000 jobs and counts among its daytime population around 250,000 commuters. The city's gross domestic product amounted to DM 37bn last year. Although only some 631,000 of the 2m people in the Rhine/Main conurbations live in Frankfurt, the workforce employed there accounts for more than 80 per cent of the region's gross domestic product.

Despite the concentration of service institutions, the industrial presence in Frankfurt is appreciable too. In 1978 it had 281 industrial companies employing 30 people or more with a workforce of 105,000 and an annual turnover of more than DM14.8bn. Around 44 per cent of this comes from the chemicals industry, including world names such as Hoechst and Degussa, and about 29 per cent from electricals and electronics manufacture, including AEG-Telefunken.

Vacancies

During the recession of the mid-1970s the number of jobs in Frankfurt declined along with the contraction of the national economy, but there has been a significant recovery since 1977 with the number of job places rising by 3 per cent. The city has an unemployment rate of about 2.9 per cent with 13,600 registered unemployed. But against this there are at least 10,000 officially notified job vacancies.

The city's GDP rose by 8 per cent in nominal terms last year, an important point for the city's finances as a major part of its revenues are derived from the taxes on the profits and assets of local undertakings. For many years the tax rate on companies in Frankfurt was the highest in the whole of the country, but changes in the Federal tax structure heve now pushed other cities, such as Munich, out in front. The city's draft budget of around DM 3.8bn will be slightly in deficit as a result next year, but there are no plans for changing the rate according to the City Treasurer.

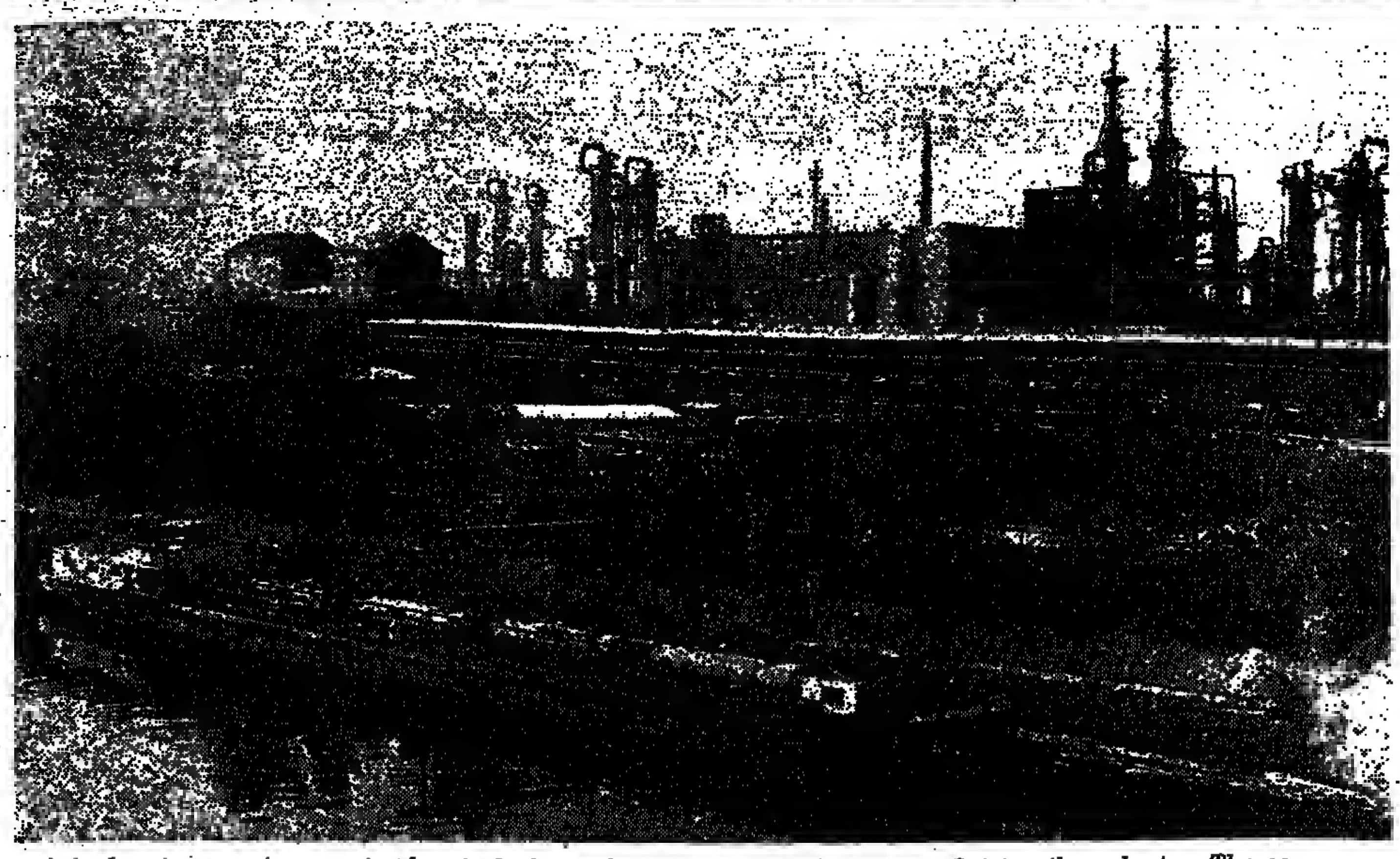
The recovery in the local economy has also meant that the stock of some 750,000 square metres of empty offices that was standing empty in the city at the end of 1977 has been more than halved to around 340,000 square metres.

The squeeze on space does not make the city any less attractive for newcomers and one of the most interesting property deals that is being negotiated behind closed doors is the creation of a "Japan Centre." A consortium of leading Japanese banks, industrial companies and trading houses is discussing intently with the city the possibility of acquiring e prestige site, which would both act as a centre for

CONTINUED ON FACING PAGE

CONTENTS

FRANKFURT II



A tanker transports organic chemicals from the Hoechst complex at Tor Ost to other plants. The company produces a huge range of products, from pharmaceuticals to paints

Service industries ensure low rate of unemployment

THE RAPID expansion of Frankfurt as a base for commerce and industry, besides being the country'a major financial centre, has started causing problems for companies seeking to expand their operations in the city or set up new undertakings. Space for growth is at a premium, although this has bad little obvious effect in limiting demand.

For many commercial concerns, particularly those in highly exposed sectors such as advertising, the acquisition of a Frankfurt address is still worth a struggle. And the position of the city as a crossroads for trade is sufficient incentive to continue drawing major retailers and wholesalers to the city.

Frankfurt inevitably has a very large tertiary sector—trade, transport and services—which accounts for some 68 per cent of the city's Gross Domestic Product of around DM 37bn, compared with 32 per cent from manufacturing industry. In common with most parts of the country Frankfurt suffered a slight decline in activity as a result of the recession of the mid-1970s. The number of jobs in the city fell by around 7.2 per cent between 1970 and 1977.

WORKFORCE AND SALES OF FRANKFURT INDUSTRY	Companies	Workforce	Turnover DM m
Total industry	281	104,900	14,811
Chemicals	30	38,700	6,497
Electrical/Electronic	45	26,300	4,335
Mechanical engineering	49	11,000	988
Road vehicle manufacture	16	4,600	549
Food	19	4,500	728
Printing	39	4,400	379
Precision engineering	9	3,100	63
Hardware prodncts	13	2,400	184
Non-ferrous metals	5	2,000	206

1978 figures for companies with more than 20 employees.
Source: Industrial Promotion Office, Frankfurt.

Jobs magnet

The last two years have shown a marked recovery, however, to around 520,000. Since the city of Frankfurt only bas a population of some 631,000, it becomes clear that the city is a magnet for employment in the whole Rhine/Main region.

Around 250,000 people commute daily from the surrounding area into Frankfurt. But although companies and institutions in the city can call on the labonr resources of a population of about 3m in the Rhine/Main region, there is still a shortage of skilled workers.

The unemployment rate in the city is very low, at around 2.6 per cent in August — a drop from about 2.9 per cent a year earlier. By last month there were only 13,600 unemployed registered in Frankfurt against as many as 10,000 officially notified job vacancies.

Besides banking, the city's services sector is most marked by the concentration of the advertising industry in the city. Because of its international airport, Frankfurt has lnng served as one of the main gateways to Europe for the U.S., with the result that many of the leading American advertising agencies have stuck up their nameplates in the city.

In recent years Frankfurt has clearly taken over from Dusseldorf and Hamburg as the Federal Republic's leading advertising centre. Around 40 per cent of the industry's expected turnover this year of some DM 12bn will be derived from agencies in the city. The hig ten Frankfurt agencies alone bave a combined turnover of more than DM 2bn and the existence of a total of more than 200 agencies has ensured that tbere is also a wide variety of advertising support sarvices available in tbe shape of printing companies, photographic studios and market research institutes.

Of the top 20 West German advertising agencies, 13 have their head offices or hrancbes in Frankfurt. The list is beaded by firms such as McCann Erickson, Lintas, Deutschland, J. Walter Thompson, Young and Rubicam and H.O. and M.

No other German city bas such a concentration of service activities. Indeed, some local politicians have begun to express concern that Frankfurt's employment structure is becoming unhalanced—and this bas expressed itself most obviously in the towering office blocks that crowd the city landscape. The invasion of the west end of the city, one of the prime old residential areas, by property speculators in the early 1970s has more or less been brought to a halt. But by the mid 1970s the frantic period of office building had resulted in a surplns of around 750,000 sq m nf empty office space in the city.

Empty offices

Tha developers were caught unawares in Frankfurt, as in so many other large cities, by the fierceness of the mid 1970s recession. In the last couple of years, bowever, their fortunes have improved and some estate agents are even warning again of a future shortage of suitable accommodation. The latest figures available from the city authorities indicate that the stock of empty offices has been cut by 55 per cent in the last two years, to around 342,500 aq m at the end of 1979.

The demand for industrial sites has also grown considerably in recent mnnths with the chief interest coming from companies already based in the city and seeking to expand. The city anthorities no longer have any comprehensive industrial estate areas available, their stock amounting only to singla unconnected sites.

In the port areas, sites are still to be found, but often only as leasehold developments. The private sector presently has around 800,000 square metres available for new uses, although much of this land would need to be redeveloped and already contains existing premises. This can make valuation difficult for potential buyers.

The major industrial activities already established in Frankfurt are heavily weighted to three main sectnrs, chemicals, electronics and mechanical engineering. In the immediate surrounding area, however, the motor industry is strongly represented at Rüsselsbeim. The largest West German works of Opel, the German subsidiary of General Motors of the U.S. is based in the city. Frankfurt also has an important metals processing sector with the beadquarters of companies such as Metallgesellschaft and Degussa.

Around 43 per cent of the city's industrial production is sold in export markets, and the important operations of Frankfurt companies overseas are enhanced by the presence in the city of leading building, construction and process plant engineering concerns such as Philipp Holzmann and Luigi. Nearby Offenbach is the centre of West Germany's leather industry and the site of the leather sector's national trade-fairs.

With such a wide variety of activities, Frankfurt is better protected than most industrial areas from the vicissitudes of national and world trade. But the area could soon hegin to feel the effects of the slowdown in some of its more important industrial sectors, sncb as tbe motor industry and cbemicals.

Opel, ona of West Germany's largest volume car producers, is cutting its Rüsselsheim workforce by more than 5,000 hecause of falling demand, particularly for its larger models of 2 litres capacity and above. And leading cbemicals producers in Hesse-Frankfurt and the surrounding area is the hnme nf several world names including Hoecbst, Degussa, Rütgerswerke and F. Merck in Darmstadt—have warned recently that the slump in demand for many chemicals products conld lead to short-time working in some plants.

Equally, the electronics sector is coming under growing pressure in its home market from Far East competition. One nf Frankfurt's largest companies, AEG Telefunken, with a West German workforce of some 120,000, is currently restructuring its activities througbout the country. The company, which has its headquarters beside the River Main in the city centre, was brought to the verga of financial collapse last year, but was rescued hy the combined actions of banks, insurance companies and other leading German industrial groups. As a result of the financial rescue, some of the biggest of the Frankfurt banks, such as Deutsche Bank and Dresdner Bank, are now among AEG's largest shareholders.

Further down-river is the headquarters and main manufacturing base of Hoechst, the world's largest chemicals group, with a wnrld-wide turnover last year of DM 27bn. Hoechst is one of the three independent operating groups of the old German chemicals giant I. G. Farben, which was split np by the Allied forces after the Second World War. (The former I. G. Farben headquartera office-block still stands in the centre of Frankfurt, but it is now the HQ of the U.S. forces in the city.)

From one of the most densely concentrated chemicals sites in Western Europe, Hoechst produces a buge range of products, ranging from pbarmaceuticals and plastics to dyes, pigments, paints, fibres and resins.

The existence of such a massive chemicals complex in the middle of a densely-populated region like Rhine/Main is inevitably not without problems, and Hoechst has been the object of fierce attacks by local environmentalists. The company is doing much to reduce the impact of its plants on the surrounding environment, and in the last 10 years bas invested more than DM 250m in cleaning np the discharges from its chemical plants in the Rhine/Main region alone.

Pollution

Abont 300 installations have been bnilt to try to purify water discharges from the plants to cut pollution of the River Main. But incidents still occur, wben inadequately treated chemical waste escapes into the river.

Trading concerns represent abont a third of the turnover of Frankfurt'a total econnmy, with sales of around DM 36bn in 1978. The wholesale and retail trades support more than 6,500 companies in Frankfurt, employing more than 84,000 people. The population of the surrounding region makes the city a focus for ratailers and large department stores. The city accounts for around 45 per cent of the state of Hesse's retail sales.

The concentration of service and commercial activities in Rhine/Main means that many trade federations and trades unions have also selected Frankfurt as their national base. The motor, electrical and chemical trade associations are all centred in Frankfurt, as is the headquarters of IG Metall, the largest trade union in the western world.

Kevin Done

Image problems

CONTINUED FROM PREVIOUS PAGE

Japanesa business and as a show-case for Japanese goods in Germany.

The deal appears to hinge partly on the creation of a Japanese school in Frankfurt; it would be only the aecond Japanese "Europa" school after London. The effort does not seem to be tha least impaired by the existence already of a Japanese Centre in Düsseldorf and it bas recently been boosted by the up-grading of the Japanese consular presence in Frankfurt.

With such a flow of finance and commerce, it is perbaps not altogether surprising that Frankfurt has not always been at peace with all its citizens. In the early years of the 1970s it earned the description of being "ungovernable" as it was hit by scandals in local government, student turmoil, blatant property speculation and chaotic traffic conditions caused not least by the building of the new underground system through the centre of the city.

It is now without doubt an easier place to live in than then and within a couple of years tha centre of the city too should finally cease to resemble a large building site.

The underground construction in the centre will be over by 1982, major shopping streets will be turned into tree-filled pedestrian squares, and the scaffolding will finally come nff the old Opera House, opened in 1880 as a replica of the Paris Opera but nearly destroyed in the Second World War, which for 12 years was the subject of bitter dispute between leading citizens of the city who wanted to re-build it and the Social Democrat city administration, which wanted to leave it as "Germany'a most beautiful ruin."

After about 30 years of Social Democrat domination the city astonishingly fell to the Christian Democrats, who bad appeared condemned to being an eternal opposition in 1977, and the hand-over of power has been performed remarkably smoothly. Ironically, after so many years of trying to stamp on the past, the city's politicians are turning back to Frankfurt's historical heritage and Goethe's city is even planning to re-construct some 15th Century bonses on the historic Römerberg, where for several centuries the German emperors walked to their electinn and coronation.

Traces of the radical Frankfurt of 10 years ago, the city which with Berlin and Paris was the focus of the student revolt are now hard to find. But they do live nn in the character nf Daniel Cohn-Bendit, then one of the leaders nf tha turmoil at the Sorbonne, now the publisher of a Frankfurt underground newspaper. The police water cannons and tear gas bombs are rarely today in evidence althnugh they dn still accompany the occasional political demonstration or house occupatinn.

While tha political climate has become distinctly tranquil, the physical climate is as unpleasant as ever. Frankfurt lies in a depression, causing polluted air to hang over the city for long periods. It is possible to escape to the surrounding hills, hut in the city the summers often become unbearably warm and bumid hecause nf tha lack of wind movement to clean the air. The climate, at least, however, is something for which the planners and image-makers cannot be held respnnsible.

A fair prospect for success in international trade

FRANKFURT has been a cross-roads of international trade for several centuries and its modern role as one of West Germany's leading centres for industrial and trade fairs draws on a tradition established at least as long ago as 1240. Today its annual Spring and Autumn fairs for consumer goods are taken as one of the most important barometers of the state of the West German economy, while its specialist industrial fairs for textiles, motor-cars, books, furs, chemical plant and—since this year — musical instruments attract a worldwide audience.

The competition between the Federal Republic's leading exhibition centres is fierce, but at the top of the industry there are only four cities which can justifiably claim to belong to the world elite: Hanover, Frankfurt, Cologne and Düsseldorf. Hanover has by far the largest exhibition centre, with around 500,000 square metres of covered halls. It is more than twice as large as Frankfurt and Cologne, which have around 200,000 square metres each. Hanover, however, is dominated by just one massive annual event—its industrial exhibition each summer. The city is handicapped by its more difficult geographical location, while Frankfurt and Cologne achieve far larger turnovers by the frequency and variety of their fairs.

Frankfurt also plays host to the fair which exerts the strongest attraction for the public, its biennial International Motor Show. This exhibition, in which most of the world's leading car manufacturers participate — some 1,300 exhibitors from about 30 countries—had more than 1m visitors when last staged in September, 1979.

The coincidence last year of the motor show with other major occasional fairs such as Achema, the chemical plant makers' exhibition, meant that the Frankfurt International Fair organisation enjoyed a record year. A total of more than 2m people visited the fairs and 20,000 exhibitors took part.

Agents

As an exhibition centre, however, Frankfurt is chiefly marked by the international character of its fairs. To maintain its presence worldwide it has established a chain of foreign representatives in major cities in more than 50 countries. In important centres, such as London, Paris, Vienna, Milan, and Amsterdam it employs full-time agents.

At the biannual trade fair for clothing textiles, Interstoff, up to 80 per cent of the 800 exhibitors are foreign, and 64 per cent of the visitors come from abroad. Frankfurt's new Music Fair, established this year as an independent event, drew 70 per cent of its exhibitors from outside Germany. Heimtextil, held each January as the largest international trade fair for home textiles and floor coverings, attracts around 50 per cent of its exhibitors from abroad.

The city's development as a trade fair centre since the end of the Second World War has undoubtedly been helped by the partition of Germany into two states. Frankfurt suddenly found itself very much at the geographical centre of West Germany, which enhanced anew its role as a cross-roads in European trade. But just as importantly it was able to pick up major shows, which traditionally had been based in either Berlin or Leipzig. From Berlin came the International Motor Show in 1951; in the same year, Frankfurt captured the Furs Fair from Leipzig. Four years later the Book Fair also moved from Leipzig to Frankfurt.

The Frankfurt Book Fair, staged in October, is the world's largest book-market. Almost 5,000 publishers take part, of whom around 75 per cent come from 90 countries outside the Federal Republic. The Fair covers not only books, but also maps, globes, speech records and audiovisual products.

The essence of the Frankfurt trade fair tradition, however, is contained in the city's Spring and Autumn Fairs for consumer goods. The first historical records making direct reference to the Frankfurt Fairs have been traced back to 1240, when the then Emperor, Friedrich II, placed the autumn fair under imperial protection. Some 90 years later the existence of a Spring Fair was confirmed when similar imperial safeguards were issued by the Emperor Ludwig the Bavarian (Ludwig der Bayer).

Imperial protection meant that merchants travelling to Frankfurt for the fairs were guarded from highway robbery, a rather frequent occurrence. Unfortunately such imperial protection has not continued to the present day and the modern trade fairs are also something of a magnet for specialist criminals. Pick-pockets, for example, are attracted by the sudden influx, particularly of foreign visitors.

Pick-pockets

After the latest Autumn Fair, which ended earlier this month, the local police authorities confirmed that a number of pick-pockets with long-established Interpol records had been picked up in Frankfurt, some operating from home bases as far away as South America.

Since the late 1950s the Frankfurt fair authorities have been moving towards greater specialisation of the Autumn and Spring Fairs, with the more successful branches striking out to set up independent fairs in their own right. The first move in this direction was made in 1959, when the clothing textiles industry set up its own trade fair, Interstoff. This show has successfully taken root and can now count on around 24-25,000 visitors to its biannual fairs, with around 60 per cent of the trade observers coming from abroad. Interstoff allows them to watch the latest trends emerging in clothing textiles which will shape the fashion collections of the following year.

In 1971 trade exhibitors of household textiles decided to follow a similar path with the result that they set up the independent Heimtextil show covering home textiles and floor coverings. Some 55,000 to 60,000 trade visitors are attracted to this fair each January, of whom around 30 per cent come from abroad. The latest offspring of the Spring and Autumn Fairs is the Frankfurt Music Fair, which had its first independent staging in February this year.

Frankfurt has already established itself as the single largest market place in the world for musical instruments, music accessories and music publishers' products. The number of exhibitors at next year's show is expected to jump to more than 600 compared with 450 in 1980.

It is not clear which the next candidate for independence could be. According to Herr Alfred Schnorr, the managing director of the Frankfurt Fair organisation, the remaining 11 branches of the consumer industry represented at the Spring and Autumn Fairs all have strong common bonds. The whole fair could be weakened if one sector were to be removed for independent showing at a different time of year.

The Spring and Autumn Fairs attract around 3,000 exhibitors, with about one-third coming from outside Germany. Consumer goods are displayed from about 40 countries with the concentration on particular themes such as table settings (glass, china, ceramics, metalware, arts and handicrafts), personal accessories (jewellery, smokers' products, watches, handicraft items, cosmetics and hairdressing products), home decor, paper, office supplies and stationery and products for show windows, shop-fitting and advertising. As many as 100,000 trade buyers turn up for the Spring Fair, with slightly less in the autumn.

The Fair organisation itself is set up on private company lines, although its shareholders are the two major local authorities: the city of Frankfurt, with 60 per cent, and the state of Hesse with 40 per cent. Unlike other major fairs in West Germany, such as Cologne and Hanover, Frankfurt also allows outside organisations to arrange fairs on its grounds, acting in this function merely as a landlord.

The Frankfurt Fair organisation had a turnover last year of around DM 84m. But there was an additional turnover last year of some DM 50m derived from the independent staging of the four major shows for motor cars, books, furs and chemical plant.

The facilities offered in Frankfurt for exhibitors have expanded rapidly in the post-war period. At the first fair organised after the War, in the autumn of 1948, only 12,000 square metres of covered hall space was available. The overflow of exhibitors was accommodated in tents or nearby school-rooms. Today the Fair has just over 200,000 square metres of covered halls available. But for the major shows, such as the International Motor Show, Achema the chemical plant exhibition, and the Spring Fair, the organisers are stretched to meet demand.

The Frankfurt Fair is therefore about to embark on a five-year DM 360m expansion programme, which is designed to increase the available covered exhibition space to around 250,000 square metres. At the same time many of the facilities will be modernised and covered paths and moving walkways provided between all parts of the fair ground. The investment has been approved by the board of the Frankfurt Fair company, although it is still to receive the final seal of approval from the Fair's ultimate political masters in the city and state assemblies. The expansion will also achieve much greater flexibility for staging smaller trade fairs with the possibility of virtually splitting the fair grounds into two separate show areas.

To fund the ambitious expenditure programme, the Fair will have to call for the first time on its shareholders for the finance, but the city of Frankfurt and the state of Hesse are unlikely to object. They are both aware that their "dividend" from the Frankfurt Fair does not come in a direct cash payment but in what the Fair means for the local economy and for the image of the region.

Hotel bookings

Herr Schnorr estimates that the existence of the Fair contributes at least DM 500m a year to the local economy. The spending flows in the form of hotel bookings, transport, souvenirs and entertainment of guests, as well as in the local labour required to stage the various events.

The value of each trade fair to the region clearly varies widely and is not just based on the number of visitors. The International Motor Show attracts more than 1m visitors, but most come by their own transport, and entertainment might be limited, says Herr Schnorr, "to a sausage from a stand." The spending of, say, a textiles manufacturer wining and dining a potential client is in another league, while the taxi drivers are most fond of the book fair visitors. "They usually do not have chauffeurs," says Herr Schnorr, "but they tend to be a bit more intellectual and value the thinking time offered by a taxi journey."

Better access by car to the exhibition grounds has been introduced gradually, although a direct road from the motorway system to the Fair car parks is still only in the planning stage. Equally the city of Frankfurt itself is not able alone to deal with the flood of visitors seeking overnight accommodation for the larger trade fairs. But Herr Schnorr is confident that the surrounding region can more than cope. Frankfurt has some 16,000 hotel beds, while the city and the hinterland together—taking in nearby towns such as Mainz, Wiesbaden, and Darmstadt—have about 40,000 hotel beds available.

Inevitably other international exhibition centres have gazed at the selection of Frankfurt shows to see where they might stage competing attractions, but Herr Schnorr sees no immediate rivalry on the horizon. The chief threat in the short term lies perhaps in Paris' decision to internationalise its textiles exhibition, Premiere Vision, for the first time this year. That could spell hard competition ahead for Interstoff in Frankfurt, although no loss of interest by regular exhibitors has yet been shown.

K.D.

Two Frankfurt traders warm to the task of selling furs—one of the many kinds of consumer goods exhibited at the city's trade fairs

WEST GERMAN TRADE FAIRS

	Visitors
FRANKFURT	
Spring Trade Fair (1979)	112,617
International Motor Show (1979)	1,071,000
Sanitation, Heating, Air Conditioning (1979)	223,946
Achema—Chemical Plant (1979)	175,082
Book Fair (1979)	193,857
HANOVER	
Industrial Fair (1980)	544,000
EMO Machine Tools (1977)	200,000
Constructa (1978)	180,000
Didicta—Education products (1977)	72,000
COLOGNE	
ANUGA Food and Nutrition (1979)	137,591
IFMA—Motorcycles and Bicycles (1979)	202,061
Photokina (1978)	122,691
International Furniture (1980)	111,800

The rise and rise of a financial metropolis for world banking

ALONGSIDE THE rise and rise of the Deutsche Mark since its creation in 1948, the city of Frankfurt has risen too. First it became the financial centre of the Federal Republic, and later one of the leading financial centres of the world.

Its physical appearance is dominated by the towering office blocks erected by West Germany's major banks. And the attractiveness of the city as a financial metropolis for institutions from around the world is eloquently demonstrated by a list of 186 foreign banks which currently maintain a presence in the city, through branches, representative offices or full subsidiaries.

The attraction of Frankfurt as a location both for foreign and German banks lies not least in the fact that the city is also the home of the Bundesbank, the West German Central Bank, probably the most independent of the world's leading central banks.

Written into the legislation which established the Bundesbank are clauses which confer on it a particular independence of the Federal Government in Bonn. It is required to support the Government's general economic policy, provided that this support is consistent with its overriding first duty of safeguarding the value of the currency.

The Bundesbank has maintained a tight monetary policy in recent months, while trying to ensure sufficient liquidity to allow modest growth in the economy. Its key interest rates, the discount and Lombard rates, have since May been at a record level, reached only once before in the post-war period for a few months in 1970.

Under its new President Herr Karl Otto Pohl, appointed at the beginning of the year, the Bundesbank's policy has caused the West German banking community no end of problems. The tight grip kept on the money supply and rising interest rates appeared to catch many of the banks — even leading world institutions such as the Dresdner Bank and Commerzbank—by surprise. As a result, after-tax profits in the banking sector slumped by 13 per cent last year.

The Central Bank has also faced problems in the last nine months, however. It has been struggling to come to terms with the implications of West Germany's soaring current account deficit on the balance of payments caused chiefly by the steep rise in oil prices. The deficit is expected to exceed DM 25bn this year, compared with DM 10bn in 1979, when the first current account deficit since 1965 was recorded.

Interest rates

The biggest problem for the Bundesbank is contradictory pressures from home and abroad. Domestically, it is coming under increasing pressure from the trades unions and sections of the Social Democrat Party—the senior party in the ruling coalition in Bonn—to relax its monetary policy by lowering interest rates. The purpose would be to inject some life into the flagging economy.

Externally, however, the Bundesbank is having to try to finance the current account deficit through the capital markets. It is well aware that a cut in interest rates would hardly make the job of importing capital any easier.

At present the Bank is attracting sufficient capital from abroad, but the position is volatile. The Bundesbank had to let its foreign currency reserves—admittedly still the highest of any industrialised country—decline by more than DM 20bn

CONTINUED ON NEXT PAGE

FRANKFURT IV

Social problems multiply in a booming economy

FRANKFURT LEADS the West German crime statistics. It has taken over from Amsterdam as the centre of the West European heroin trade, and it has a higher concentration of foreigners than any other German city. Its rapid emergence as the financial and commercial capital of West Germany has not been without cost.

The rush to re-build from the rubble of the Second World War has left the city scarred by the excesses of property speculation and lack of planning. Much of it was re-built with functional concrete apartment and office blocks, lending a faceless, anonymous character to wide areas of the city.

Certainly Frankfurt's social problems are not very different from those facing many of the world's major conurbations, but they often exist in exaggerated form. As a major cross-roads in Europe, the city has always had a fluctuating, cosmopolitan population, but modern forms of transport have brought the city within easy reach of a much larger world.

The booming local economy has made Frankfurt a natural target for foreign labour from poorer countries. It is doubtful whether the city and much of its surrounding industry could function without the *Gastarbeiter* (foreign "guest" workers) workforce. The city also bears the burden of being the base for around 20,000 U.S. troops.

With its concentration of foreign banks and foreign companies, it has, too, a large population of foreigners in managerial positions. And because of its major airport—the largest passenger airport in Western Europe after London Heathrow—the city has received the recent wave of political and economic refugees from Afghanistan, Turkey, India, Pakistan, Eritrea and Somalia, all seeking political asylum in West Germany. As a result, every fourth person in Frankfurt is non-German, a situation which is setting the city authorities formidable problems in integrating its foreign communities.

Racial mix

According to Dr. Walter Wallmann, the Lord Mayor (*Oberbürgermeister*) of Frankfurt, the city now has a legally registered foreign population of about 140,000, excluding the U.S. forces. But the figure is even higher when those living in Frankfurt illegally are taken into account. The main foreign grouping is made up of Yugoslavs, accounting for about 20 per cent of the official foreign population, followed by Turks (18 per cent), and Italians (14 per cent). There are also appreciable numbers of Spaniards, Greeks, Moroccans and Portuguese, and the surge in the past two years of would-be immigrants from Asia and Africa seeking political asylum has added new elements to the city's racial mix.

Groups of foreign nationals who came to Frankfurt because of their jobs with multinational companies or financial institutions — chiefly Austrians, U.S. civilians and Frenchmen — are already well established. The numbers at first sight do not appear very large, but Frankfurt is a relatively small city with a total population of only some 631,000.

The biggest social problems are developing among immigrants from poorer countries. The authorities — not only in Frankfurt but throughout the Federal Republic—are learning that many of the people who first arrived as "temporary" *Gastarbeiter* now appear to be turning into permanent residents.

Foreign ghettoes

The problems in Frankfurt are particularly acute in the schools and in the poorer areas of the city, where foreign ghettoes are being created. These make the aim of integration increasingly difficult to achieve. The city has more than 30,000 foreign children under the age of 16, representing about 23 per cent of the foreign population. The same age-group among the city's German inhabitants accounts for only about 13 per cent.

The result is that some schools in the city have classes of more than 30, in which only a couple of the pupils are Germans. Teachers are confronted with classes where the children have nine or ten different languages, and the city estimates that soon more than 40 per cent of the children starting infants school will be non-German.

In some areas of the city, the figure is nearer 80-90 per cent, however. Virtual ghettoes have already formed in two areas of the city in particular — around the main stations and between the station and the west port. The proportion of foreigners living in these areas has already passed the 70 per cent mark.

Inevitably this concentration places a strain on the city's social services, but Frankfurt has so far been spared the most serious disturbances between different racial groups. The fear clearly exists, however, that political turmoil in other countries could spill over into the Federal Republic, and Frankfurt would be a clear target.

The Federal Government reiterated earlier this month its concern at the growing number of Turks who are being organised in West Germany into extremist Turkish organisations of both Right and Left. As many as 60,000 Turks in the Federal Republic — some 12 per cent of the country's Turkish population — are said to be members of groups such as the Grey Wolves, supporters of the extremist Turkish Nationalist leader Alparslan Turkes. The feuding between these groups has already led to open battles in some cities and to stabbings in Frankfurt.

The city finally lost patience earlier this year, however, with the mounting wave of people from Third World countries—chiefly Afghanistan, India, Pakistan, Eritrea and Somalia—who turned up on its door-step seeking political asylum. For years there has been a steady, unspectacular flow of people to West Germany, chiefly from Eastern Bloc countries, seeking to take advantage of the Federal Republic's liberal political asylum laws. It is the only State that guarantees to offer political asylum as part of its basic law.

People arriving in West Germany, claiming to be political refugees cannot be turned away until their cases have been examined by the courts. Before the age of cheap air-travel, political refugees represented no great problem. But since the end of 1978, would-be immigrants have been arriving in ever-increasing numbers, overwhelming the courts set up to hear the cases. The major arrival-point in the Federal Republic has been Frankfurt.

In 1977 the city had to deal with 1,600 applicants for political asylum; in 1978, 2,100; last year, 4,000; and by mid-1980, they were streaming in in such numbers that the total was expected to reach 8,000 to 9,000. In June alone there were 1,172, and as many as 90 passengers stepped off one plane to claim political asylum. Travel organisations had set up between Germany and the main client countries to run this trade in "economic refugees."

In July, however, Frankfurt decided to call a halt. The city, said Dr. Wallmann, had reached the end of its ability to finance, accommodate or even simply process this surge of would-be refugees. In bitter recriminations against the state of Hesse and the Federal Government—the timing was interesting, with a CDU Lord Mayor attacking SPD/FDP coalition Governments in Wiesbaden and Bonn only a couple of months before October's General Election—Dr. Wallmann accused them of leaving Frankfurt to deal almost alone with a national problem.

Visa controls

Frankfurt's action has quickly produced results. The Federal Government has made serious attempts to speed up the legal process (it had been taking three to four years, during which time the applicants were free to stay in the country) and it has introduced visa controls for countries such as Turkey and the Indian subcontinent. The provincial government of Hesse is now trying to spread the new arrivals at Frankfurt Airport around other towns in the state, and is to open a large camp near the city to help with accommodation problems. Frankfurt is still left with around 9,000 political or economic refugees, of whom about 3,000 are being put up at the city's expense in more than 160 hotels and boarding houses, many in insanitary and overcrowded conditions. The flow of new asylum applicants has, however, been cut drastically.

Another result of Frankfurt's position as West Germany's major international air-link and home for such rapidly rising foreign population has been the increase in certain types of international crime, particularly drug trading.

Dr. Karl-Heinz Gemmer, the recently appointed Frankfurt police president, admits that the city has taken over from Amsterdam as the leading West European centre for heroin trading. Of the 190 kilograms of heroin seized by West German police in the first eight months of this year, about 60 kgs was found in Frankfurt. The trade has flourished, particularly with the growth of the Turkish community in the city, and appears to be largely in the hands of Turkish Kurds, says Dr. Gemmer.

The penalties for peddling heroin are high and dealers can be given prison sentences of up to 10 years. But the rewards are also high. Heroin that comes into the country at around DM 5,000 per kg is being re-sold at around DM 60,000 per kg.

Hash Meadows

Frankfurt is thought to have between 4,000 and 5,000 heroin addicts, but the city functions more as a major supply-point for trade with other cities. For years the market was relatively open, with dealers operating around one of the city centre parks, known as the *Haschwiese*, the Hash Meadows. The area was cleared after increasing police vigilance earlier this year. But the result is that the trade has simply gone more underground or has moved to areas near the banks of the River Main, or to shopping passages in the city centre.

The presence of so many U.S. troops around Frankfurt also means that the market for drugs in the area is larger than might otherwise be the case. The U.S. Drug Enforcement Agency has officers based in Frankfurt, as part of its world-wide fight to cut illegal drug trafficking. According to Dr. Gemmer, the drugs-trade in Frankfurt inevitably attracts other forms of criminality. The trade also has links with prostitution.

Frankfurt leads the West German crime statistics in terms of the number of criminal acts committed per head of population. It is far from being a German Chicago, as more lurid accounts have tried to paint it. It is perfectly safe to walk through much of the city at night and Dr. Gemmer is pleased with the co-operation the police receive from most quarters of the public. However, compared with other German cities Frankfurt has distinct problems.

Last year about 90,000 criminal acts were committed in the city, of which about 70 per cent were theft. A significant number of robberies are also connected with the city's drugs trade and the attempts of addicts or dealers to get the necessary finance. The existence of so many visitors in the city—particularly on the occasions of the bigger trade fairs — also attract certain specialist criminals, such as pick-pockets, often operating from home bases as far away as South America.

Prostitution in West Germany — a perfectly legal trade protected by law—also tends to be drawn into criminality through links with drugs and because of the wide mixture of cultures and nationalities in Frankfurt. In recent months there has been a battle in the city's main prostitution quarters between well-established operators and newcomers, particularly from the African continent.

As Dr. Gemmer remarks, the traditional white prostitutes' market has been increasingly undercut by black newcomers, willing to work for less money. "They are working almost at dumping prices," he says. The result has been a couple of street fights, the destruction of some bars and an increasingly bitter conflict. Some individuals who first arrived in Frankfurt on the pretext of applying for political asylum have also turned up in the city's prostitution world.

The roots of Frankfurt's crime-problems often lie in its economic success. "The city has a big labour market," says Dr. Gemmer, "with many foreigners working here legally. Inevitably there are therefore also some here illegally. The city is like a fly-paper and some stick with whom we are not so happy."

The other consequence of Frankfurt's being a centre of finance is that financial crimes are also a major consideration for the local police. They are increasingly having to hire and train officers with a background in accountancy or the financial markets, to help them unravel the most complex fraud cases. Germany has suffered for a number of years from swindles in which members of the general public have been persuaded to "invest" money in various sorts of funds, which have later turned out to be bogus.

The most popular line in the last couple of years has been fraudulent commodity futures trading. The problem for the Frankfurt police is that such cases often take so long to unravel, that by the time they are ready to move, the criminals have long left the country.

K.D.

Finance

CONTINUED FROM PREVIOUS PAGE

in the first months of the year as pressure on the D-Mark mounted.

The problems facing the Bundesbank afford little consolation to the Frankfurt banking community. A continuation of the Central Bank's tight monetary policy means that there is little chance in the short-term that the squeeze on their profits will be relaxed.

In an over-banked country like Germany, competition between institutions is fierce. Trading profitability of the banks has declined further in the first half of this year. However, these difficulties have done little to dim the attraction of Frankfurt as the premier banking location of the Federal Republic—although it might be giving the city authorities something to ponder as they consider their budget for next year. Part of their local tax revenue is derived from a levy on the profits of all the undertakings operating within the city limits, including the banks.

The number of banks with a presence in Frankfurt grows every year and by the end of August it had reached no less than 338. Of these, 152 are West German, including 91 who have their head offices in Frankfurt, 22 with regional headquarters, and another 39 with branches and business offices. Of the 50 largest West German private commercial banks, headed by the Deutsche Bank—the fifth largest bank in the world—18 are Frankfurt banks. Seven of the top 10 West German private commercial banks have their head offices in Frankfurt.

As a finance centre Frankfurt far outstrips the importance of other significant regional banking centres such as Düsseldorf, Hamburg or Munich. More than DM 500bn is carried on the books of the ten largest institutions alone. The banks are responsible for directly employing around 33,000 people of a total Frankfurt workforce of some 520,000.

The spirit of modern Frankfurt as a financial centre is a post-War creation, but its traditions of handling money go back rather further. In 1180, Frankfurt had the right to issue coins and the first exchange office was opened in 1402.

Until the 16th century, currency and credit transactions were mainly based on trade in goods. Later they broke from their reliance on the trade fairs and achieved an independent status, and the Frankfurt stock exchange was founded around 1585. Early dealing handled mainly drafts, but at the end of the 18th century regular trade in loans and debentures had started. By the early 19th century, Rothschild and the Bethmann brothers held leading positions on the loan market.

Rothschild

Meyer Amschel Rothschild and his five sons are perhaps one of Frankfurt's most distinctive contributions to world banking history. By the early 1800s the Rothschilds had introduced the modern system of dealing in securities, financed several Royal Governments, and placed in Europe's main financial centres obligations worth more than $1bn, at a time when the U.S. budget amounted to only $18m.

Today Frankfurt's stock exchange has a leading position in West Germany, despite the federal system, which has ensured the development of seven other regional stock exchanges, including Düsseldorf, Berlin, Hamburg, Stuttgart and Munich. Its emergence as the senior exchange has been marked by the international flavour of its business, although it does not have the same pre-eminence within its national financial system of London, Tokyo, or New York.

None the less Frankfurt accounted for 46 per cent of the total volume of dealings on German exchanges last year. It has to fight hardest against other German regional markets for the turnover of domestic shares, of which its portion of the total West German volume amounted to 38 per cent last year. It took 41 per cent of domestic bond sales.

In the sale of foreign shares, however, it is clearly pre-eminent, taking 67 per cent of the total business. The Bank claimed 80 per cent of the volume of fixed-interest securities issued from foreign sources. Until 1977, fixed-interest bonds accounted for a steadily increasing share of the total trading done on the Frankfurt Exchange, but during the last couple of years this process has been halted. Last year shares took 39.3 per cent of total business, compared with 33.9 per cent in 1977.

For a country with such a powerful economy as West Germany's, the role of share capital is still rather underdeveloped. For companies, equity capital is still a relatively expensive way of raising finance, while shares also have a very low priority for the average German investor.

A study by the Frankfurt stock exchange has shown that less than 10 per cent of more than DM 500bn raised by German companies in the past ten years came from equity capital raised through rights issues. The proportion of equity to debt in German companies' financing has actually fallen in recent years.

Another reflection of the relatively diminutive stature of the Federal Republic's stock markets, compared with the operations of countries such as the U.S. or the UK, is the number of companies quoted. At the end of 1979 only 458 of West Germany's 2,000-plus Aktiengesellschaften, or joint stock corporations, were quoted. In the UK in 1978, 2,795 companies were quoted on the country's exchanges; in France the total was 1,101; Japan, 1,709, while in the U.S. New York alone could boast 1,581 company quotations.

Last year Frankfurt was trading in 406 quoted company stocks against 585 in Amsterdam, 2,788 in London, 2,192 in New York and 1,418 in Tokyo. Its role is far greater, however, in the trading of bonds. Last year it could boast 4,717 quoted fixed interest rate securities against 5,066 in London, 1,402 in Paris and 1,704 in Zurich.

Last year was not a happy one for the stock exchanges and Frankfurt's total turnover dropped to DM 31.7bn, compared with DM 40.3bn in 1978. This was still an impressive performance judged against other German centres, but it has a long way to go to rival the business volume of London, New York or Tokyo.

This year Frankfurt has offered investors something of a roller-coaster ride, with peaks in February, June and August. But each time much of the momentum was lost. The volume of trading has picked up significantly over last year, however, with the turnover of shares rising in the first eight months of the year by 12.6 per cent to DM 9.8bn, while bond trading volume rose by no less than 35 per cent to DM 17.7bn.

The exchange's all-share index reached a new high of 102.39 for the year in mid-August. But by the end of the month, it had fallen back to 99.75. August was still a good trading month for shares, and even with the decline at the end of the month the index showed a 3.9 per cent rise over the level reached at the end of 1979. It was well above the low for the year, set in March, of 91.40.

Foreign bonds

Because of its position in the international financial community, the Frankfurt exchange is best placed to pick up foreign companies seeking a quotation in West Germany. The total number of German companies listed in Frankfurt has actually been falling, to reach 227 by last year compared with 272 in 1968. Growing interest in the German market from abroad, however, has increased the number of foreign companies quoted in Frankfurt from 42 in 1968 to 179 by last year. In the same period the number of foreign bonds quoted in Frankfurt jumped from 92 to 472.

Equity capital quoted in Frankfurt at the end of 1979 had a nominal value of DM 95.1bn (DM 36bn from German companies and DM 59.1bn from foreign concerns), while the market value of domestic shares traded on the city's exchange was some DM 124bn.

K.D.

Key airport has reached limits of capacity

FRANKFURT'S IMPORTANCE as a centre of communications in the Federal Republic is unrivalled. It lies at the centre of the country's rail and road network, is a focal point in West Germany's telecommunications system and, because of its position straddling the River Main, has long been established as one of the foremost inland ports. But it is above all to its airport that Frankfurt owes its dynamic growth into one of West Germany's most prosperous cities.

The city is unchallenged as the hub of West Germany's air communications and has also emerged as one of the world's major airports. In Europe it handles more air-freight than any other single airport, including London Heathrow, and it is second only to Heathrow as a passenger airport. In the world league it ranks as the fourth largest air-freight terminal after New York (JFK), Chicago and Atlanta and is the 12th largest passenger airport in the world.

Frankfurt airport owes its leading position not so much to the size of its own local population—although as the centre of the Rhine/Main conurbation it does serve around 2m people—but to its role as one of the major transfer terminals in world air travel.

More than 40 per cent of the 18m passengers using Frankfurt airport are passing through to join connecting flights, while as much as 70 per cent of the freight handled is for onward shipment to other locations. No other airport in Europe has such an important function as a transfer terminal and it is through this role that Frankfurt has built up such a wide range of flight connections to other points of the globe—direct scheduled flights to 187 cities in 87 countries.

Last year five more airlines—Braniff and Delta of the U.S., CAAC of China, LAP (Paraguay) and Air Lanka (Sri Lanka) added Frankfurt to their schedules and later this year South African Airways is starting a direct flight from Cape Town to Frankfurt. In addition Lufthansa, the West German national airline, which uses Frankfurt as the centre of its international flight operations, has opened up several new routes in recent months including flights to Leningrad, Peking and Kuala Lumpur.

Despite the existence of ten other regional airports in West Germany—some serving much larger cities than Frankfurt—Frankfurt airport last year handled 36 per cent of the Federal Republic's total air passenger traffic, 72 per cent of its total air freight and 58 per cent of the country's airmail.

Passengers

The result is that the airport has emerged as the third largest employer in the state of Hesse—trailing behind only Hoechst, the chemicals giant, and Opel, one of West Germany's leading volume car manufacturers. With a workforce of 30,800 and 18m passengers passing through its doors each year the airport clearly represents an important community in its own right. Apart from Lufthansa, with 13,000 employees (including flying personnel) and the airport administration with around 6,500, the airport is also the location for about 300 other independent undertakings. These provide a gamut of services, alongside the normal activities of catering and duty-free shops, from an interdenominational church to a sex shop.

The airport's growth has not, however, gone unchallenged. Inevitably an airport of this size has brought undesirable social consequences for the surrounding community. Frankfurt has taken over from Amsterdam as the centre of the European heroin trade—largely as a result of its communications links and the high proportion of foreigners in the population. It has also borne the brunt of the growing wave of foreigners seeking political asylum in West Germany. Because of the airport Frankfurt is one of the Federal Republic's most important border checkpoints.

The most obvious social impact of the airport, however, is the effect it has on the surrounding environment. For nearly 15 years the airport has been fighting a planning and legal battle for permission to expand its facilities and in particular to build a new runway, but environmental opponents have fought it every inch of the way.

For several years the airport has been up against the limits of its capacity for take-offs and landings at peak periods of the day. Two years ago this led to such a congestion of flight movements and consequent delays that the very viability of the airport's future growth was put in question.

The airport has an operational ceiling of 55 flight movements an hour—although in good weather conditions this can sometimes be increased to around 66—and the airport authorities maintain that no more movements can be squeezed in with the present system of two parallel runways. Applications to expand through the extension of the present runway system and for the building of a new runway, "18-West," were filed in the mid-1960s. Permission was first granted by the state government of Hesse in 1971, but the approval immediately met a wave of local protest, and 104 objections were lodged against the decision. Nine years later 38 of these objections are still outstanding.

Earlier this year independent experts again backed the airport administration's case. In July, the Hesse Economics Minister, Herr Heinz Herbert Karry, gave the go-ahead for the start of work on the new runway.

The case is not quite that simple, however. There are still legal hurdles to be overcome and Herr Karry's move can be challenged in the courts. As for the airport administration, it still has to acquire the land on which it wants to build the new runway, 18-West, either through negotiation or ultimately compulsory purchase. For the opponents of the runway, defeat in the courts will only be the signal for a move to other forms of protest.

The airport administration has clear support for its case, from the city of Frankfurt, the state of Hesse and from the Federal Government. This is not altogether surprising as the three are also the airport's joint shareholders, and well aware of the economic advantages it brings.

Herr Erich Becker, chief executive of the airport, has warned that if the capacity cannot be expanded then airlines will start to move elsewhere, "above all to Paris, Amsterdam or Zurich, but not to other German airports." If the runway is built, however—construction alone will take more than three years—then flight movements could be increased by as much as 25 per cent, says Herr Becker.

Given the legal background, the airport is wary of giving more forecasts of traffic growth over the next decade. But last year it gave a "cautious estimate" that the number of passengers could increase by 6-7.5 per cent a year, freight by 7-10 per cent a year and flight movements by 1.2-2.5 per cent a year. Dramatic increases in airlines' fuel costs and the squeeze on their profits has not made forecasting air traffic growth any easier. But even with no expansion the airport is at the limit of its capacity and Frankfurt is clearly not betting on stagnation over the next ten years.

The city stresses above all the economic gain the airport represents for the region. It provides 30,800 jobs—a total that could grow to more than 40,000 by the end of the decade—and around 83,000 people in the region, when families and dependants are included. And it is also vital to the existence of around 42,000 more jobs in the region, which are involved in providing services to the airport, but are not actually based there.

High wages

It is also well-rewarded employment. The average gross annual wage at the airport last year was around DM 42,700 a year, compared with an average for the whole of the Federal Republic of DM 28,580.

As a result of the expansion work already under way on the existing runways, Frankfurt will next month finally be moved up partially into Category Two as an international airport. Full Category Two status should come in the autumn of 1982. No other comparable international airport in the world of the size of Frankfurt has languished for so long as a Category One airport, with all the attendant limitations on traffic movements, particularly in bad weather. Years of opposition to the expansion of even the existing runways has badly hindered development work.

Inevitably the struggle over the airport dominates present discussion over the future of Frankfurt as a communications centre, but its other major transport functions are also of great importance to its economic existence. The main railway station is the largest passenger station in the Federal Republic serving daily around 220,000 passengers including commuters, offers direct connections to most of the major continental cities including Paris, Amsterdam, Copenhagen, Berlin, Warsaw, Belgrade, Vienna and Rome. Each day there are more than 1,300 train arrivals and departures, while the city's goods depots handle around 3m tonnes of freight a year.

Lying at the centre of the Federal Republic Frankfurt also has a central position in the West German motorway network. No less than ten motorways radiate out of the city, a fact probably not unconnected with the very high car ownership in the city—the highest in the whole of the country, with more than 400 cars per 1,000 inhabitants.

Frankfurt's transport links are completed by the inland port, which handles each year more than 7m tonnes of cargo. As a major tributary of the Rhine, the Main gives Frankfurt connections by inland waterway systems to France, the Netherlands, Belgium, Luxembourg and Switzerland. With the completion later this decade of the Rhine-Main-Danube canal, Frankfurt will also gain a shipping link to the ports of south-east Europe and the Black Sea.

Within West Germany's telecommunications network, Frankfurt has also benefited from its central geographical position, and is a major transmission point particularly for international telephone calls. More than 400,000 international calls a day are put through Frankfurt, which now has direct dial facilities to 51 countries and operator connections to another 58.

K.D.

The middle way of a right-wing Lord Mayor

NO ONE WAS more surprised than the Christian Democrats (CDU) when the Socialist citadel of Frankfurt came tumbling down at the last elections. Dr. Walter Wallmann, who was called from Bonn to lead the campaign, found himself a few weeks later—somewhat to his own astonishment—Lord Mayor (Oberbürgermeister) of the city. He is the first to admit that it was a job he had not reckoned with and certainly had not sought.

The fallen Social Democrat (SPD) leaders were openly scornful of his chances of running a city which had been called "ungovernable" in the early 1970s. At that time the SPD administration was rocked by scandals and appeared to have few solutions to the student turmoil in the streets, rampant property speculation, chaotic traffic conditions and a city centre that resembled a large construction site.

Wallmann acknowledges that in 1977 the CDU was only elected "negatively, because the others had to be voted out." But in the meantime the city has become a more peaceful place, and in the last three-and-a-half years the SPD has had to admit that it badly under-estimated its opponent.

Martin Berg, Frankfurt's Mayor, who emerged as the SPD leader after the debacle in 1977 (senior city officials serve a six-year term and do not immediately lose their posts if the party balance in the city assembly changes), admits that the next election in March will not be easy. "We will do our best," he says modestly, but hardly with the conviction that the SPD is about to win back what for long it considered its birthright.

Coalition

Until 1977 the Social Democrats had not been ousted from power in Frankfurt since the war. They had ruled either alone or in grand coalition with the other parties. At the last election, however, the CDU captured 51.3 per cent of the votes compared with only 39.6 per cent in 1972. In the landslide the Social Democrats not only lost their overall majority, their share of the vote dropped from 50.3 per cent in 1972 to only 39.9 per cent.

Before he came to Frankfurt, Wallmann had been making a name for himself on the national political scene. Such is his enthusiasm for his present job, however, that he has in recent weeks turned down an offer from Franz Josef Strauss, the challenger to Helmut Schmidt for the Chancellorship, to play a leading role in the CDU/CSU's general election team. The offer bore the promise of an important Cabinet post if Strauss triumphed—against the odds—on October 5. "I said no," says Herr Wallmann. "I took on this job three and a half years ago and I can't just leave it."

Wallmann has always disarmed his opponents by seeking a tolerant middle way through the city's problems. "There can only be a middle path. That conviction comes not from the lack of a profile, but because no one has a monopoly on wisdom. Compromise is the most human way to avoid wrong decisions," he says. As one national newspaper wrote recently: "He has punished the opposition with magnanimity."

Dr. Walter Wallman: A firm hand, guided by reason

On the wider political scene, Wallmann had always been counted as part of the CDU's more vehement right wing. At State (Land) level he is deputy chairman of the CDU in Hesse and close associate of the chairman, Alfred Dregger, not a man associated with liberal views in the party.

Against expectation, however, the city administration was not turned upside down after the last election. Certain totems of the left were done away with. "Anti-authoritarian" children's play-groups were disbanded; a well-known leftist theatre, Theater am Turm, which had been supported by the city, was closed; the push towards comprehensive schools was deflected, though not dogmatically. In general Wallmann proceeded with caution.

The city's well-known arts and culture director, Hilmar Hoffmann (SPD), for instance, who had helped make Frankfurt one of the centres of experimental theatre in West Germany, was not removed from his post. Before the election a shake-up of the city's cultural scene had been one of the CDU's main promises. Equally in recent months Wallmann has put the CDU vote in the city assembly behind the re-election of the SPD sport and recreation director, on the disarming grounds that he was doing a good job.

In the same spirit Wallmann offered 18 months ago to bring the smaller Free Democrat group into a coalition, but the Liberals declined in order to await the outcome of the election. The offer still stands, he says.

The effect of Wallmann's approach has been almost to put himself above the party dog-fight. It might not have endeared him to the more extreme members of his own party, but it has made him into an electoral asset the CDU cannot do without.

Martin Berg still thinks that Wallmann's basic political instincts on national issues remain those of the Right-wing of the CDU, but he admits: "In Frankfurt he has been very clever. He has acted from reason and not from the heart."

Tough job

Wallmann's attempt to soothe the political divisions in the city could not be in sharper contrast to his predecessor Rudi Arndt, a former SPD State Finance Minister in Hesse. He was brought into Frankfurt as a strong-man in the early 1970s after the three previous Lord Mayors had all died in the job in their fifties. Many said this was the result of the stress of one of the toughest jobs in West German local government.

Arndt, now deputy chairman of the Socialist group in the European Parliament, was characterised by his nick-name "Dynamit Rudi." Exasperated by the growing campaign from Frankfurt citizens for the rebuilding of the old Opera House—termed the "most beautiful ruin in Germany" after it was hit by a Second World War bombing raid — Arndt once offered to take funds from the state to buy dynamite to blow the ruin up.

Wallmann, aged 47, a lawyer by training and son of a north German school-teacher, learned his local politics in Marburg, where he was also briefly Oberburgermeister. But he came to national prominence when elected to the Bundestag, the Federal Parliament, in 1972. He quickly became a member of the committee of the CDU parliamentary group and was elected deputy chairman in 1976.

In Bonn he was brought to public attention as chairman of the Parliamentary "Guilleaume Commitee" which investigated the background to the East German "spy in the Chancellery" Gunther Guilleaume, whose discovery caused the downfall of the then-Chancellor, Willy Brandt.

Wallmann's immediate political future is in the hands of the voters of Frankfurt in March, but there is little doubt that he will seek to return to the national stage at some point. He says himself "If I could choose, I would stay here for 8-10 years to follow through a development. It will always be unfinished, but the physical demands are great and in that time I will have used up my creativity."

K.D.

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

Management abstracts

These summaries are condensed from the journals of abstracts published by Anbar Management Publications. Readers wishing to consult original texts should write to: PO Box 23, Wembley, HA9 8DJ.

Strategic Planning's Failure to Perform. R. Gutoff in Public Relations Journal (U.S.A.), March 1980: p. 32 (3 pages)

An attack on the concept and practice of strategic planoing, principally on the grounds that most companies do not understand what distinguishes it from long range planning; allegea incompetence by consultants who have built up the market but lack operating experience.

Entrepreneurship as a Mid-Career Alternative. J. D. Weinrauch in Journal of Small Business Management (U.S.A.), January 1980: p. 25 (7½ pages)

Examines statistical evidence of the extent of executive mid-career change, and estimates the proportion who change to a one-person business: suggests adjustments that these people have to make and difficulties that can arise when embarking on an entrepreneurial career; offers guidelines for such a change.

Rigid and Flexible Budgets. W. Bryans in Management Accounting (UK), April 1980: p. 30 (3 pages, chart, table)

Points to the conflict between rigid budget (wbich provides an unambiguous target but might prove unrealistic) and a flexible budget (whieh may be nearer to reality but implies abandonment of the target); discusses how, in budget-setting and variance reporting, a compromise between these two approaches can be struck.

Budgeting Techniques. M. Harvey in Accountancy Age (UK), April 4, 1980: p. 13 (1 page, table)

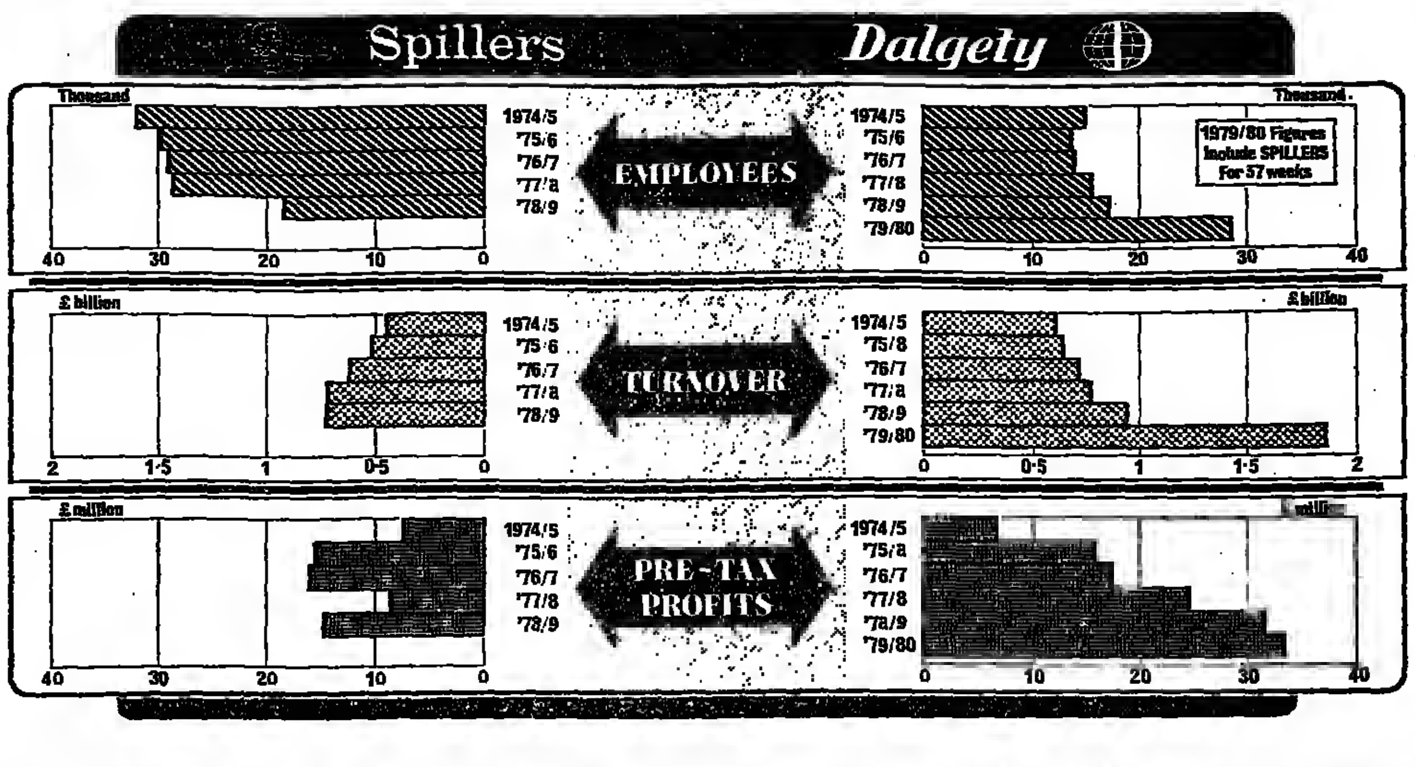
Summarises the objectives of flexible, probable income, and zero-base hudgeting, and considers three sub-sets of ZBB (change justification budgeting, budget performance auditing, and review period budgeting).

Current Cost Accounts—What do they mean? D. Ross in Accountancy (UK), June 1980: p. 53 (4 pages, tables)

Now that CCA has finally arrived (VN 5), explains the significance of tha results and the Interpretation that ought to be placed on current cost profit and loss accounts, balance sheets and funds statements; examines the meaning of the current cost profit attributable to shareholders.

Sifting the takeover crumbs

Since acquiring Spillers, Dalgety has been undertaking a major shake-out. Nicholas Leslie reports



THE MAXIM that "a new broom sweeps clean" aptly describes the aftermath of last year's controversial takeover by Dalgety, the international trading group, of Spillers, the flour, foods and bakery coocern. Not only haa the entire maio board of Spillers departed, hut the company's operations bave undergone a rash of plant closurea, redundancles, decentralisation and management re-structuring.

Last Wednesday'a financial results from Dalgety for 1979-1980 (including Spillers for eight months) provide for £20m of gross apending on the integration and rationalisation of Spillers, and lt is likely that there will be a substantial write-down in the value of some Spillers' fixed assets.

That Dalgety has been so active is not unexpected. Its directors put themselves on the line wben they hid 13 months ago, claiming that Dalgety had the management expertise to do things for Spillers that its own previous Board had been unable to do.

When Dalgety made its £76m bid it was evident that it was taking something of a gamble becsuse of Spillers poor past record and because the outlook for some of Spillers businesses was unceriain. Indeed. Dalgety's hoard, beaded by David Donne, admitted the risk, and consequently *rejected* all *pressure* to raise the offer price, wbich though representing a premium of nearly a quarter on the Spillers market price at that time, was substantially below the book value of its assets. Ona Dalgety non-executive director, Alfred Singer, reckoned that the gamhle was too great and promptly resigned.

The Dalgety Board reasoned that, though a risk, much of the Spillers husiness—particularly animal feeds—was in aress where it had experience, althnugh its knowledge of Spillers' very substantial foods activities was undouhtedly limited. Dalgety also reckoned that it had established a good track record in turning round companies during its rapid surge in recent years of growth *by* acquisition.

Both David Donne and Terry Pryce, chairman and chief executive of Dalgety UK, believe that considerable progress has been made, and that Spillers is "at least as sound as anticipated ln the pre-acquisition analysis."

Donne and Pryce evidently consider that throughout the protracted and freqneotly bitter takeover battle Dalgety was *given* insufficient credit for the amount of homework it had done. Investigations into Spillers hegan in July, 1978, they say, 13 months hefore tbe bid *was* eventually made and just two months after Spillers *divested* itself of its heavily loss-making baking activities—at which point it "became attractive to Dalgety."

Pryce maintains that Dalgety's lengthy investigations showed *Spillers' food business* to be generally successful and compeiiiive. *This* gave them confidence in their belief that they would not have to *attempt* any major surgery in an area with which they were relatively unfamlliar. They could concentrate *their* lnherent expertise on Spillers' weaker bualnesses.

The reality, he says, nas been even more favourable than expected. Profitability of foods—impossible accurately to identify in Spillers' report and accounts because the results were lumped together with some less profitable flour milling activities—bas been haalthy. Indeed, Dalgety's falth in tbis side of Spillers' business has been exemplified by the appointment of Geoffrey John—previously managing director of Spillers Foods, as managing director of Dalgety Spillers Foods, taking in the two groups' interests.

But if foods have been a pleasant surprise, Spillers' agricultural business has been less successful than was hoped. It is tempting to suggest that, whereas it was understandable that Dalgety's assessment of Spillers Foods should be at variance with the actual situation, given its inexperience in this area, it should have been closer to the mark with agriculture. Pryce accepts this propositinn, but argues that, even with *close investigation, it is very* difficult to get an accurate picture of a company from the outside, however familiar the business.

Overmanning was found to be greater than anticipated, there was between 15 and 20 per cent more manpower at Spillers' *animal* feed mills than at comparable Dalgety mills. Spillers was also handling a greater level of marginal husiness than Dalgety coosidered was warranted. This involved generally small amounts of feed where profit margins were extremely narrow and which were thus reducing the overall profit margin. A shakeout in animal feeds, milling and merchanting has resulted in over 500 redundancies st all levels, and the closure of five Spillers mills.

Flour milling prospects proved, on inspection, to be much as expected; which is to say uncertain because the level of supplies *going* to *ABM* and Ranks Hovis MacDougall have been systematically reduced and will have been completely phased out hy 1984. However, Dalgety now reckons the business can be developed in areas other than hsking and is therefore planning a major investment programme to modernise and rationalise the flou mills.

Much of what else has taken place in the UK stems from the diametrically opposed management styles of the old Spillers hoard and Dalgaty's directors. Put simply Spillers was very centralised, with a great deal of activity under the direct control of the main Board. On the other hand, Dalgety is highly decentralised, with tbe five divisions and the companies within them operating witb considerable autonomy, though within the constraints as defined centrally hy strategic plans, budgets and formal levels of authority.

Compared with Dalgety's head office staff of 24, Spillers' *strength* was 175. It also had other central services, including a research establishment with 213 people, a computer centre with 267 penple and 49 in transport services.

Because of what Dalgety felt were irreconcilable differences in approach to management, the Dalgety style has now been imposed, with the new Dalgety Spillers compaoy having a head office staff of just 60. Research activities bave been cut back to those "most relevant" to the group's businesses and the central computer services will be closed next March. Central staff have been cut overall by more than 650. Savings of over £3m are said to hsve resulted, *although* it is unelear wbether this is net of any costs that may have been pushed down the line from the centre.

In addition to these cutbscks, some small activities have been sold, such as hroilers, pet and garden supplies and the Carlow abattoir. Others will go later.

One area ln which Dalgety's belief in the ability of lts management to turn round problem husinesses is being heavily tested, must be the U.S. Not only bad losses emerged there witb a vengeance at Spillers' Modern Maid subsidiary (making flour-based food ingredients) shortly before Dalgety made its hid, but Dalgety itself ran into major problems last year with its frozen foods-processing subsidiaries. The *immediate* cause was that retailers cut back stocks to reduce their costs in the face of rising interest rates, together with a strong fresh vegetable crop. The outcome was a loss.

Pryce hlames the frozen foods problems not only on market conditions, but also on the failure of tbe local management to react quickly Additionally, he says, the downturn occurred while several *private* companies bought by Dalgety, and integrated with *frozen* foods, were being rationalised. Common accounting and other management systems had not then been fully installed, which should bave enabled management to help mitigate the effects of the deteriorating market.

"We decided that the first loss should be the only loss and sold stock at minimal margins," says Pryce. At the sama time, the top management of the frozen foods processing business was changed. Now, Pryce reckons that the markat ltself is gradually coming into shape.

The effort required to resolve the problems with frozen food did not affect Dalgety's ability to sort out Modern Maid, Pryce maintains. Peter Gardiner, head of Dalgety Inc. in the U.S., moved into Modern Maid with two seuior colleagues in March and a radical *reorganisation* took place. The chief executive appointed by Spillers after lt bought Modern Maid was replaced by the existing financa director. At the same time, the remaining influence of the family which formerly owned Modern Maid was removed.

The downturn at Modern Maid, according to Pryce, was largely due to the fact that the plants ware not working properly. This was *particularly true of a large* new plant that had only recently been hrought on stream. A major effort wss put into getting things rigbt snd the problem "is now over," he says. An additional weakness emerged when Gardiner started to look at Modern Maid's distrihution costs. To reverse the upward trend, Gardiner enlisted the help of Dalgety's Martin-Brower subsidlary, which provides speciallsed distribution aervices to the food industry and which "is going very well and produces better and better profits," says Pryce.

Despite the improved position, there is some doubt over Modern Maid's long-term future within the group. "The question we must ask ourselves is whether Modern Maid will provide a leg for the future," says David Donne. He acknowledges that Dalgety and Spillers, overall, have not yet been very successful in the U.S., and for the next big pusb there "we must bave tha right launching pad."

Elsewhere in the Dalgety group little structural cbange is likely to take place. The malt and chemical divisions have not been affected by the Spillers acquisition, nor has Canada, where the Balfour Guthrie *timber* subsidiary bas been "an unbounded success ever since we have been there," maintains Donne. The Australlan interests have been similarly unaffected.

One major result of the steps taken at Spillers this year has been to push responsibility for generating profits furthar down the lina. There are now more profit centres and thus more points at woich performance can he closely monitored. Pryce acknowledges, though, that some of the steps taken were being thougbt about by Spillers anyway and that, coming in fresh to the situation, Dalgety was in a strong position to be able to pnt them into effect quickly.

It could be argued that what has taken placa at Spillers accords with good business school theory—cut overmanning, reduce waste, pot in hetter control systems, instal new people and make more people more accountable. That, then, should clear the decks for action. What has to he proved next is that the combined group is actually moving in the right direction and has the right products and the markets for expansion. Proof of that will be longer coming.

And, of course, at the end of the day, lt will probahly be only *Dalgety Spillers Foods* which will provide any real yardstick of performance, since the vast majority of this division is Spillers business. For the most part, the other Spillers activities will soon be integrated with Dalgety and thus indistinguishable from the rest.

Technical News

EDITED BY ARTHUR BENNETT AND ALAN CANE

● NAVIGATION

Radar lead by UK company

NOWADAYS, much of the art of marine radar lies in the way in which the returned signals are processed to give the best possible picture and navigational facilities on the screen.

The name of the game at the moment is ARPA, which stands for automatic radar plotting aid, the name given by the Inter*governmental Maritime Consult*ativa Organiaation, IMCO, to the *new generation* of compnterised radar displays which are to become mandatory for all larger vessela during tbe 1980s.

This week Racal Decca Marine Radar has launched an ARPA unit drivan by five mlcroprocessors in an internal distributed data-processlng network whicb, it is claimed, gives a superior result to anything offered so far.

The new company, formed after tbe recent *amalgamation* of Decca and Racsl, already has *some 2,000* anti-collision radars at sea; it is aiming the new set at a possible 3,000 vessels whose owners will he looking for something "rather more useful" than eonipments that do no more than just meet the IMCO reruirements.

Basic point abont ARPA is that a computer and memory are used to acquire data about radar targets (shlps) which can then he used for general navigational purposes on a "what would bappen if" hasis. The manipulation *extends* to displaying the effect of s change of *course* at *some time* in the future and normally lncludes sucb *tasks* as plotting *possible* collision courses. The position of a number of *ships* at a selected time ln the future can be easily called up and the display can be in true or relative motion form.

Where Racal-Decca claims to have scored is in the way in whicb the data are acquired and nrocessed. For example, the eauipment does not acquire all the targets on the same basis hut, due to the five task-oriented microprocessors can look at each senarately to take account of gain needed and trackiog time constant so that all ships' paths are shown in rapidly updated form, with great clarity.

What is more, the computers carry on these tasks regardless of tbe way in which the operator may he altering what is on the screen. Optimisation is carried out on each target lndividually regardless of size and range.

Racal-Decca believes that this techniqne of updating targets more frequently if they are altering their hehaviour noticeahly, coupled with gain optimisation gives tha best compromise between a stahle picture showing the correct overall velocities and a lively presentation giving the earliest warning *of* other ships' manoeuvres.

All the target data is stored in true motion as opposed to relative motion format. This means tbat the velocity data does not need to be re-established following the change in relative motion that results each time own ship alters course or speed. Instead, tracking ls updated throughout own ship's manoeuvres even if own ship is under helm lndefinitely. Once again, there is *minimal* delay in the presentation of data.

In sddition, there are three data extraction systems able to work at the same time, so that three targets on the same bearing line cao be dealt with if necessary.

For the operator, acquiring targets is a simple matter. He uses an omnidirection joystick wbich moves a small circular cursor across the screen to embrace the target which is then acqulred for processing by depression of a button. The hest possible *tracking* and manlpulation of that target in relation to *others* that *have* been acquired can be carried out. Acquired *targets* are marked with a window on the screen and up to *20* can be accommodated. In general the controls are similar to those of the company's Clearscan marine radars, with digital presentation of numerical data throughnut (range and bearing on the bezel of the 16-ins screen).

The company saya that it has spent about £2m on tbe development of its ARPA set, which has been on trial in nrototype form on the British Rail ferry Horsa for some time. A similar system has beeo in action at HM Coastguard, Dover, for *three* years. The development has been financially assisted by the Ship and Marine Technology Requirements Bnard of the Department of Industry.

Deliveries are expected io the autumn of next year and the price is about £30,000.

GEOFFREY CHARLISH

● MATERIALS

Withstands the heat

SAID TO have been originally developed as a heat shield material for space craft a carhon fibre based suhstitute fcr asbestos called K-Karb is being offered for use in industrial processes where streogth and resistance to heat are paramount requirements.

It is being supplied by Paladon (Engineering) Chequers House, The Green, Flore, Northampton *NN7 4LG (0327* 40783). This company describes the material as a fibre reinforced structural graphite (almost 100 per cent carbon) which can withstand temperatures up to 2,000 degrees C in an inert atmosphere.

The material is stated to have been nsed successfully in glass manufacturing processes, particularly in the handling of molten glass straigbt from the furnace. It is available in sheets and rods of varying thicknesses and can be *cut*, machined and drilled using standard carhide *tools*.

● ACOUSTICS

Haven from noise

PROMISING TO solve sbop floor noise problems is a new quiet room from Sound Attenuators, Eastgate, Colchester, Essex (0206 69111) which comes complete with doors, windows, lighting and ventilation.

Called the SAL *refuge* its spacial characteristic is its *frameless construction—some*thing rarely found in heavy duty *enclosures, claims* the company.

The acoustic panels which form the *refuge fit together* with a special compression lock, and the roof—also of *modular* design —is completely supported by the walls.

● TELEVISION

Recorder in the camera

A BRIEF report from Reuter in Tokyo indicates that Hitachi bas developed an integrated *colour television camera* and video cassette recorder which *it* bas tentatively *named* "mag camera."

Apparently a bigh density recording technique is used on a *0.25* inch tape which *plays* for two hours. No other technical details are available except that the unit weights 2.6 kg and can be played back on an ordinary television set.

Hitachi plans to go into production of the unit "within a few yeara" and hopes to market *it at* a price of about *Y300,000* (£600).

● COMMUNICATIONS

Electronic call-for-help system

THERE ARE now some 8m people over the age of 65 in the UK and about 3m of them are over 75. These statistics, coupled with a growing nnwillingness of the young to look after the old, probably means that electronic call systems of the kind now being operated by the Borough of *Harrow* and developed by *the* Medical Research Council will become quite widely nsed.

At all times in home or garden, tbe elderly person wears a 68 x 48 x 19 mm *miniature* transmitter weighing only 75 gms with a neck cord. In the event of trouble the user lifts a safety flap on the unit and presses the button, whereupon the unit sends a coded signal on a 97 kHz radio carrier to a wall-mounted receiver whicb is in turn connected to an anto-dialler. The coda is unique to tbe user so that other persons so equipped in the district could not trip the user's wall unit.

In this system the resulting *phone call is* not made *direct* to a helper hut to a software-driven computer-based central unit devised hy MRC's Clinical Research Centre.

During the dialling process the bell "tinkle" is unsuppressed so as to give the lncapacitated user reassurance that the call is going out. The *call is* repeated four *times* or until acknowiedged by the central station. Immediately, date, time and identity are logged on a printer.

Then, the computer checks the identity number against tbe list of helpers lt bolds in its memory and selects three designated people *and* calls them in order: the first two would he neighbours *with* ready *key* access and the third a "long stop." The central unit then plays an appropriate recorded message to the helper which includes a synthesised three-digit spoken number identifying the person in trouble. By dialling a number, tha helper indicates his readiness to provida belp. All the proceedings are logged on the printer.

A particular advantage of the system, which is known as Hatana, is that when helpers leave the system and others join their phone numbers are altered by software techniques and not by visiting old persons' homes to change *tapes*.

The system has had the backing of the National Research and Development Corporation and the domestic units are being made by Turnstall Byers and Co. Further work is progressing at the Clinical Research Centre to try to reduce the cost from the current figure of over £300 per home to about £200. It is hoped that the modified equipment will become commercially available in about 18 months' time for use throughout the country.

Other authorities apart from Harrow are expected to take an interest because not only does Hatana provide reliable assurance for retired people—it also allows them to stay in their own homes for an extended period into retirement, cutting the cost to the ratepayer of supporting them in authority homes. More information can be obtained from Mr. K. Grossfield, NRDC, Kingsgate House, 66, Victoria Street, London SW1E 6SL (01-828 3400).

● COMPUTERS

More new machines

IBM has announced new models ln its 4300 series computer range, a range which set new standards in price/performance for the industry.

The new machines, central processors designated the 4341 group 2, are claimed by IBM to be 80 per cent faster tban the 4341 group 1 macbines, their immediate ancestors and are available with np to 8m cbaracters of main storage, twice the previous capacity.

First customer shipments of the new processors are scheduled for the second quarter of 1981 and upgrades from Group 1 machines to Group 2 machines will be available from the same dates.

With 2m characters of main *storage*, the U.S. *price* for the 4341 Group 2 is $385,000. Witb 8m characters, the price is $479,200.

Burrougbs also announced a new mid-range machine this week. It claims the new *system*, the B 5900, is smaller, more technically advanced and less *than* half the price of *any* comparable system.

Such claims are not uncommon hut with the rate of development of computer architecture, likely to be justified at least for the moment. Burroughs is recognised for the advaoced computer architecture it bas developed and in the B5900 it has used a concept it calls function processor arcbltecture, an internal structure of computers within computers.

It means a number of processors within the computer assigned to dedicated tasks—controlling the peripherals, data manipulation or organising the peripherals.

The basic machine costs £160,000 with 1.5m bytes of main store. In the UK, Burrougbs is offering the B5900 Link System, dual central processor and 800 megahyte disk pack and line printer, all for £370,000.

● QUALITY CONTROL

Slows the motion

AN INTERESTING spin-off *from the instant movie process*, Polarvision, introduced hy the Polaroid Corporation two years ago is a high speed recording system for industrial applications.

The equipment consists of a Mekel 300 precision cine camera able to work at up to 300 frames a second, and a developer-projector.

Slowing down motion by 20 times allows faults on packing, wrapping and capping machinery for example, to be seen and rectified and there are many other potential uses.

More from John Hadland (Photographic Instrumentation), Newhouse Laboratories, Bovingdon, Hemel Hempsted, Herts HP3 0EL (0442 832525).

LOMBARD

The price of monetarism

BY PETER RIDDELL

"IT HAS been argued that obsession with a single objective (reducing the rate of inflation) is causing unnecessary harm to the economy in terms of loss of output, jobs and investment. That argument cannot simply be ignored. The Government's policy is based on the view that either the costs are unavoidable or that they are worth paying. We have always argued that in current conditions the control of inflation must be regarded as a primary aim of policy. We do not believe that it is worth paying any price to achieve it; that is why we persistently argued against a reduction in the level of public sector borrowing in this year's Budget."

This quotation comes not from a secret paper of the Cabinet "wets" but from an eminently "dry" source, the June Economic Outlook of the London Business School. The point it raises is at the heart of the current debate about economic policy.

The argument is not easy to resolve. So far the recession has not been significantly different from what was expected. The fall in Gross Domestic Product over 1980 as a whole may not be much larger than the 2½ per cent decline forecast in the March Budget.

The pattern of the recession has, however, differed from earlier expectations. Manufacturing industry has suffered most with a likely fall in output this year of between 6 and 7 per cent compared with the 4½ per cent drop forecast in March. In contrast, activity in the private service and public sectors has so far held up.

Shake-out

Some of the problems of manufacturing, particularly in parts of the textile and motor vehicles sectors, can be regarded as a brutal adjustment to an inevitable and long-delayed contraction. Companies are also clearly taking advantage of current conditions to introduce long-term labour saving investment programmes. Consequently, some of the cutbacks may represent a desirable shake-out of surplus labour.

The snag is that the closures and redundancies may go further and involve the end or the cutback of essentially "viable" operations. This is obviously a highly subjective question and what seem viable to you may look like a long-term lossmaker to me. But a monetary squeeze and a strong pound affect both the inefficient and the efficient. The worry, as expressed in the Clare Group article in the Midland Bank review, is that by 1984 there may be shortage of plant (and of skilled labour) to meet a growth in real demand.

The key to the industrial outlook is interest rates and sterling. Industry would like the Government to declare a victory in the battle against inflation and then cut MLR by three or four points, while Mr. Healey has suggested the same result after an admission of defeat. Neither course is likely, though MLR will probably be cut gradually in small steps during the autumn. But when this happens and if the pound declines, the real exchange rate is still likely to be considerably higher than if North Sea oil did not exist, hitting producers but benefiting consumers. Some contraction in manufacturing industry is thus probably unavoidable.

Within these constraints there is, however, a lot the Government can do to minimise some of the current risks and the social consequences of the recession without endangering the thrust of the medium-term strategy. Across-the-board concessions, such as a cut in the national insurance surcharge, might weaken employers' resistance to high pay claims. But a more selective approach could help, with assistance biased in favour of job creation rather than preservation and in favour of certain regions and young people.

The Government should also consider Mr. Healey's suggestion that all men and women who have been on the unemployment register for at least a year should be offered job training. The cut in the real value of unemployment benefit could also be reversed. There are long-term arguments for seeing that the unemployed are not better off that those in work but the timing is wrong.

The danger is that without some of these measures the support needed for the success of the medium-term strategy will be eroded. However, anyone supporting the proposals should be prepared to pay for them and to accept a rise in income or other taxes if that is indicated by next year's Budgetary outlook.

The attractions of a canal terminus

BY RHYS DAVID

UNTIL the announcement last month by Bowater that it was to close its big newsprint mill with the loss of 1,600 jobs, Ellesmere Port had rarely made any impact on the national consciousness.

Neither was it a place many people tended to visit, except in the line of duty—tanker drivers needing to find their way to the huge Stanlow refinery complexes of Shell and Burmah, or delivery drivers journeying to and from Vauxhall Motors. Indeed cut in half nowadays by motorway, it is no longer even passed through on journeys up and down the Wirral Peninsula between the Dee and the Mersey.

Yet within the next few years this predominantly industrial town in Cheshire will be housing what promises to be one of England's biggest tourist attractions, capable on relatively modest estimates of drawing more than 200,000 visitors a year.

Ellesmere Port owes its emergence as a potential if surprising tourist centre to its history as a major canal terminus—the connecting point with the Mersey for the Shropshire Union system. Here sea-going vessels entered a lower basin where their goods were transferred into warehouses for onward shipment by narrow boats from a basin above.

At its height in the nineteenth century, Ellesmere Port was handling large tonnages of china clay and bone ash for the Staffordshire potteries, grain for flour mills, iron ore and other commodities.

An impressive series of warehouses was erected and in 1876 a pump house was added to accommodate two steam pumps, which provided hydraulic power for the cargo handling equipment.

The old canal port was in use until 1958, shipping tar from Stanlow, but the loss of this

AROUND BRITAIN

ELLESMERE PORT

trade was followed by the usual dilapidation. The port and its historic machinery and warehouses, including one important Telford building, have been saved, due to the renewed interest in recent years in industrial archaeology and the enthusiasm of the new local authority, which was created to cover Ellesmere Port in 1974.

"An independent trust, the North West Museum of Inland Navigation was set up about the same time with the aim of saving some of the many old canal boats which were then being lost, and they were looking for a home," recalls Mr. Gary Carlisle, a planning officer with Ellesmere Port and Neston Borough Council. The council itself was seeking to improve the site and persuaded the Manchester Ship Canal Company and the British Waterways Board to grant a sub-lease at a peppercorn rent for a museum to be developed.

Since 1974 the emphasis has changed from preventing further deterioration, to restoration and, more recently, to fitting out the site. The Department of the Environment was persuaded to give derelict-land grants towards the early work of clearing old vegetation and rubble, and assistance through the various job creation schemes was obtained for towpath clearance.

Much of the restoration work is being carried out by Trust volunteers, but financial and other support towards the estimated £500,000 cost of fitting out the site is coming from a number of public and private sources, including the English Tourist Board, the Historic Buildings Council, Ellesmere Port and Neston Council, Cheshire County Council, and Shell. Other organisations have donated boats, among them ICI which has handed over one of the vessels in its Brunner fleet of barges.

The site now contains 30 vessels in various states of repair. A small museum intended to give a taste of future developments has been opened in the old toll house.

When completed within the next 18 months, it is intended that the site will provide much more than just a static display of canal history.

The hope is that it will be possible to accommodate within the museum, workshops where visitors will be able to see canal crafts such as boat-making and repairing, rope making and painting and decorating.

The site will also be used to house a local industrial museum and an urban studies centre where school and other visiting parties can learn about the canal environment in all its aspects—from engineering to plant life.

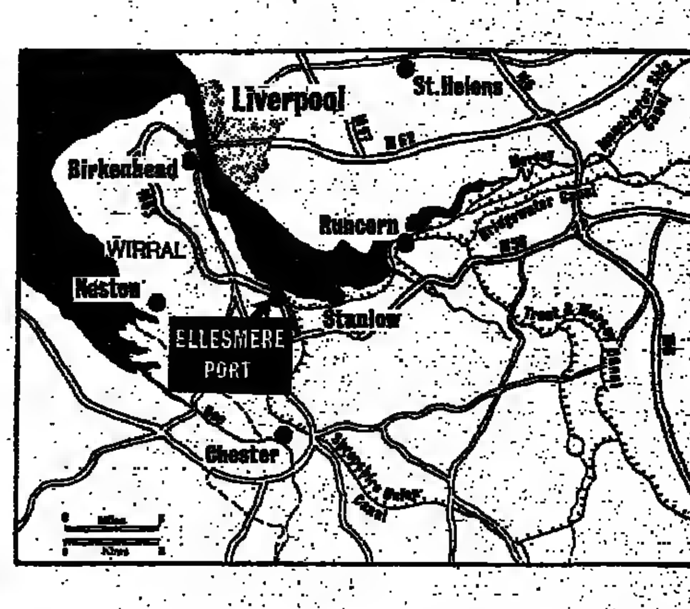
The facilities being developed, such as the lecture theatre and restaurant, will also be available to the community as a whole for meetings and social functions.

Most of the visitors to the site will come by car but the development, appropriately enough, has already led to an increase in the number of canal-boat holidaymakers to the area. Chester, where canal boats pass under the city's Roman walls, is not far away and the journey does not involve any locks. New moorings have been put in at Ellesmere Port and other facilities are likely to be attracted in response to demand. These would probably not include hotels as most visitors staying overnight will almost certainly head for Chester.

For the town, therefore, the canal development is an important new asset and a potential morale booster. It will also create a small number of new jobs, though clearly it will have only a minor impact in an area where, even before the Bowater closure, unemployment was running at 14 per cent.

There are lessons to be learned from the exercise of setting up the boat museum at Ellesmere Port. From the start it involved the co-operation of private organisations, local authorities and government departments, all of them enthusiastic in their support of the scheme. By contrast, Bowater, one of the town's biggest employers, is shutting down its operations in the town because it appears to lack the will or the means to do otherwise.

To the outside observer the respective fates of these two enterprises, alongside each other on the bank of the Mersey, might well suggest a strange sense of priorities in modern Britain.



Murillo may be each-way answer

RACING

BY DOMINIC WIGAN

IN SPITE of the obvious claims of the well drawn favourite Flower in today's renewal of the Ladbroke-sponsored Ayr Gold Cup, backers are probably best advised to try to find an outsider with win and place prospects.

Two who spring to mind in this category are Hurworth House and Murillo.

Flower, a four-year-old Habitat gelding suited by plenty of cut in the ground, has not produced his best since holding off the heavily backed Overtrick in the Home Ales Gold Tankard over today's six furlong trip at Nottingham early in the summer. But he has been facing formidable tasks and, in contrast, looks reasonably handicapped here off 8 st 7 lb.

Hurworth House's supporters can take further encouragement from the recent exploits of his stable mates. Handler Harry Thomson Jones was on the mark through John Cherry and World Affair here and at Brighton on Wednesday.

Murillo, from another stable in fine form, that of Bill Watts, has been running well since the start of the campaign and last time out failed by only half a length to catch Pepina, to whom he was trying to concede 18 lb in York's Quintin Gilbey Silver Trophy.

He, too, relishes the prevailing going and will also be ideally suited by this stiff course. It was in testing ground that Murillo ran away with a seven furlong event at Doncaster's Lincoln meeting.

In a wide open race in which Primula Boy tries to follow up his 40-1 success of a year ago from a contrastingly poor draw, Murillo may be the each way answer.

Thomson Jones and his stable jockey Paul Cook, who many had expected to see installed as stable jockey at Seven Barrows, have another likely prospect in Running Game.

AYR
2.00—Sonllotisss
2.30—Odin's Raven
3.05—Murillo***
3.35—Minlhank
4.05—Gerontas
4.35—Running Game**

NEWBURY
2.15—Runnett*
2.45—Saba Nejd
3.15—Remonleur
3.45—Train of Thought
4.15—Mountain Man
4.45—Grand Conde

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 12.45 pm News. 1.00 Pebble Mill at One. 1.45 Bod. 3.20 Ddeng Mlynedd Yn Ol—Neu Fwy: Ten Years Ago—or More. 3.53 Regional News for England (except London). 3.55 Play School (As BBC2 11.00 am). 4.20 Laurel and Hardy, cartoon. 4.25 Puzzle Trail. 4.40 Buford Files and Dinky Dog. 5.05 Four-in-Hand. 5.35 Paddington.
5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide, including 6.45 Sportswide.
7.00 It's a Knockout.
8.20 Terry and June.
8.50 Points of View.
9.25 Starsky and Hutch.
10.15 Living Legends (London and South East only).
10.45 News Headlines.
†10.50 The Late Film: "Lonely are the Brave," starring Kirk Douglas.

All Regions as BBC1 except as follows:

BBC CYMRU/WALES—1.45-2.00 pm Cath Drwy'r Siop (cyfres newydd). 4.45-5.05 Pippi Hosanhir gao Astrid Lindgren. 5.55-6.20 Wales Today. 7.00 Heddiw. 7.25 Ddeng Mlynedd Yn Ol—Neu Fwy. 7.55-8.20 Angels. 10.15 Valentine's Night. 10.55 News for Wales. 10.56 Centenary Rugby. †11.25-1.10 am The Late Film: "Touch of Evil" starring Charlton Heston, Janet Leigh and Orson Welles.

SCOTLAND — 12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 10.15 The Beechgrove Garden. 10.45-10.50 News for Scotland; National News.

NORTHERN IRELAND—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 The Picture in Question. 10.45-10.50 News for Northern Ireland; National News. 12.40 am News and Weather for Northern Ireland.

ENGLAND—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Newcastle); Look North-west (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.15-10.45 pm East (Norwich) Weekend; Midlands (Birmingham) Riding on Top of the Car; North (Leeds) Girl in a Glider; North East (Newcastle) Mr. Bull's Battle; North West (Manchester) Country Concerns; South (Southampton) More Ways Than One; South West (Plymouth) Brainwave; West (Bristol) Trees for all Seasons.

BBC 2

6.40-7.55 am Open University.
11.00 Play School (As BBC1 3.55 pm).
2.30 pm Racing from Newbury.
4.50 Open University.
6.55 Darts: Unipart World Team Matchplay.
7.25 Mid-Evening News.
7.35 Macleod's America.
†7.55 Gardeners' World.
8.20 Southampton International Boat Show.
9.00 Escape.
9.50 Ronnie Prophet Entertains.
10.45 Newsnight.
11.30 Darts.
†12.15 am The Outer Limits.

LONDON

9.30 am Rocket Robin Hood. 9.50 Nature of Things (the Mendi). 10.40 Story Hour. 11.30 The White Stone. 12.00 A Handful of Songs. 12.10 pm Once Upon a Time. 12.30 Home Made for the Home. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 For Maddie With Love. 2.00 Houseparty. 2.25 Racing from Ayr. 4.15 The Danedyke Mystery. 4.45 Runaround. 5.15 Emmerdale Farm. 5.45 News. 6.00 Thames News. 6.30 Thames Sport.
7.00 Bruce Forsyth's Play Your Cards Right.
7.30 The Incredible Hulk.
8.30 Holding the Fort.
9.00 The Gentle Touch.
10.00 News.
10.30 Benson.
11.00 Seven Ages.
11.45 Side Street.
12.40 am Close: Personal Choice with Lord George-Brown.

All IBA Regions as London except at the following times:

ANGLIA

9.35 am Who's Afraid of Opera. 10.05 The Human Face of China. 10.30 World Worth Keeping. 10.55 The Galway Way. 11.55 Cartoon Time. 1.20 pm Anglia News. 6.00 About Anglia. 10.30 The Life of Riley. 11.15 Soap. 11.45 Friday Late Film: "See How They Run." 1.30 am At the End of the Day.

ATV

9.35 am Something Different. 9.50 The Masterbuilders. 10.20 Paths to the Future. 11.05 Kidsworld. 11.30 The Human Face of China. 1.20 pm ATV News. 5.15 Diff'rent Strokes. 6.00 ATV Today. 10.30 WKRP in Cincinnati. 11.00 ATV News. 11.05 The Best of British: "Get Carter," starring Michael Caine.

BORDER

9.35 am Untamed World. 10.00 Show Jumping with Harvey Smith. 10.25 Morning Matinee: "Pulnstul." 1.20 pm Border News. 5.15 Diff'rent Strokes. 6.00 Lookaround Friday. 6.30 Superstar Profile. 7.30 A Man Called Sloane. 10.30 Look Who's Talking. 11.00 Late Film: "The Spell." 12.25 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where and Weather. 6.00 Channel Report. 6.30 What's On Where. 6.35 Encore. 7.30 A Man Called Sloane. 10.28 Channel Late News. 10.35 South West Bowls Championships. 11.05 TV Movie Premiere: "The Money Jungle." 12.45 am News and Weather in French.

GRAMPIAN

9.25 am First Thing. 9.30 Focus on Wildlife. 10.00 Show Jumping with Harvey Smith. 10.25 I Am Fifan. 10.40 Fireside Theatre. 11.30 The Bontles. 1.20 pm North News. 6.00 North Tonight, including Sportscall. 10.30 Reflections. 10.35 Feature Film: "Hang 'Em High," starring Clint Eastwood. 12.35 am North Headlines and Road Report.

GRANADA

9.30 am The Challenging Sea. 9.55 Tarzan. 10.40 Spiderman. 11.00 Sesame Street. 1.20 pm Granada Reports. 5.15 Mr. and Mrs. 6.00 Granada Reports. 6.30 Kick Off. 10.30 Soap. 11.00 The Continentals: Alan Bates in "The Story of a Love Story."

HTV

9.30 am Survival. 9.55 Animated Classics. 10.35 Bailey's Bird. 11.00 Sesame Street. 1.20 pm HTV News. 5.15 Spiderman. 6.00 Report West. 6.30 WKRP in Cincinnati. 7.30 Tenspeed and Brown Shoe. 10.28 HTV News. 10.35 Report Extra. 11.05 "Doctor's Private Lives."

HTV CYMRU/WALES—As HTV West/HTV General Service except: 11.55 am-12.10 pm Cel Cocos. 4.15-4.45 Hal Ayr Y Brynlou Creigiog. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.35-11.05 Enterprise.

SCOTTISH

9.30 am Story of Wine. 10.00 Show Jumping with Harvey Smith. 10.25 Puppeteer. 10.40 Target the Impossible. 11.05 It's Hercules—the Wrestling Bear. 11.45 Tree-top Tales. 1.20 pm News and Road and Weather. 5.15 Mork and Mindy. 6.00 Scotland Today. 6.25 Sports Arena. 6.45 Hear Here. 10.30 Open to Question—journalists question Jim Watt. 11.00 Late Call. 11.05 Night for the Screamish: "The Vampire Lovers."

SOUTHERN

9.30 am The Wild, Wild World of Animals. 10.00 Bill, Peggy Royal and Friends. 10.25 The Rovers. 10.50 Chopper Squad. 11.45 Larry the Lamb. 1.20 pm Southern News. 5.15 Mr. and Mrs. 6.00 Day by Day. 6.00 Scene South East (South East Area only). 6.30 Tell Me Another. 10.35 Southampton Boat Show. 11.05 Benson. 11.35 "The Statue," starring David Niven.

TYNE TEES

9.20 am The Good Word followed by North East News. 9.30 Hands. 9.55 Chopper Squad. 10.00 Friends of Man. 11.00 Animated Classics. 1.20 pm North East News and Lookaround. 5.15 Happy Days. 6.00 North East News. 6.02 Sportstime. 6.30 Northern Life. 10.30 North East News. 10.32 Film of the Week: "The Reckoning," starring Nicol Williamson. 12.30 am Countryside Christian.

ULSTER

9.30 am Friends of Man. 10.00 Show Jumping with Harvey Smith. 10.25 Sally and Jake. 10.40 Cartoon Time. 11.00 Sesame Street. 1.20 pm Lunchtime. 4.13 Ulster News. 5.15 Happy Days. 6.00 Good Evening Ulster. 10.29 Ulster Weather. 10.30 Witness. 10.35 Sportscast. 11.05 Friday Film: "The Viking Queen." 12.35 am Bedtime.

WESTWARD

9.30 am Call it Macaroni. 10.00 Show Jumping with Harvey Smith. 10.25 Kum Kum. 10.40 Sesame Street. 11.40 The Beatles. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 6.00 Westward Diary. 7.30 A Man Called Sloane. 10.32 Westward Late News. 10.36 South West Bowls Championships. 11.05 TV Movie Premiere: "The Money Jungle." 12.45 am Faith for Life. 12.50 West Country Weather.

YORKSHIRE

9.30 am World We Live In. 9.55 The Nature of Things. 10.45 Spiderman. 11.05 Chopper Squad. 11.55 The Bubblies. 1.20 pm Calendar News. 5.15 Against the Wind. 6.00 Calendar (Emley Moor and Belmont editions). 6.30 Calendar Sport. 10.30 Soap. 11.00 The Friday Night Film: "Cage Without A Key."

RADIO 1

(S) Stereophonic Broadcast
‡ Medium Wave only

5.00 am As Radio 2. 7.00 Dave Lee Travis. 9.32 Simon Bates with The Golden Hour (part 1). 10.32 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.32 Simon Bates with The Golden Hour (part 2). 3.32 Peter Powell. 5.30 Newsbeat. 5.45 Roundtable. 7.31 Annie Nightingale. 10.02 The Friday Rock Show (S).

RADIO 2

5.00 am News Summary. 5.03 Steve Jones (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.03 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S) including Racing from Ayr. 4.03 Much More Music (S). 6.03 John Dunn (S). 8.02 Sequence Time at the Radio 2 Ballroom (S). 8.45 Friday Night is Music Night (S). 9.55 Sports Desk. 10.02 Dad's Army. 10.30 The Organist Entertains. 11.03 Peter Clayton with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

‡6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composers: The Stamitz Family (S). 9.55 Songs and Flute Music (S). 10.40 Serenade Concert (S). 11.50 The Part-song Repertory (S). 12.20 pm Midday Concert, part 1 (S). 1.00 News. 1.05 Midday Concert, part 2 (S). 1.50 Composing Notes (S). 2.50 Music for Guitar (S). 3.20 Emanuel Ax, piano recital, part 1 (S). 4.05 Interval Reading. 4.10 Recital, part 2 (S). 4.55 News. 5.00 Mainly for Pleasure (S) (‡ and mono only from 6.20). 7.00 The Complete Webern (S). 7.15 Handel Concert, part 1 (S). 8.15 One Pair of Ears. 8.30 Handel Concert, part 2 (S). 9.25 The Double Helix Revisited. 10.20 Nikos Skalkottas, piano recital (S). 11.00 News. 11.05-11.15 C. P. E. Bach (S).

VHF ONLY—Open University—6.00-7.00 am and 6.20-7.00 pm and for students in Radio Scotland and Radio Cymru areas only: 12.00-1.00 am.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day, 7.00, 8.00 Today's News, 7.30, 8.30 News Headlines, 7.45 Thought for the Day. 8.45 The Wheels of Change by H. G. Wells. 9.00 News. 9.05 Desert Island Discs (Antal Dorati). 9.45 Feedback. 10.00 News. 10.02 International Assignment. 10.30 Daily Service (S). 10.45 Story Time. 11.00 News. 11.05 The Grand Experiment (S). 11.50 Natural Selection. 12.00 News. 12.02 pm You and Yours. 12.27 The Year in Question. 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen With Mother. 3.15 Afternoon Theatre (S). 4.10 Faraway Food (S). 4.40 Proview. 4.45 Short Story. 5.00 PM. News Magazine. 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Profile. 8.30 Any Questions. 9.15 Letter from America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.35 Week Ending (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 The Archive Auction. 11.45 Friday Treat. 12.00 News.

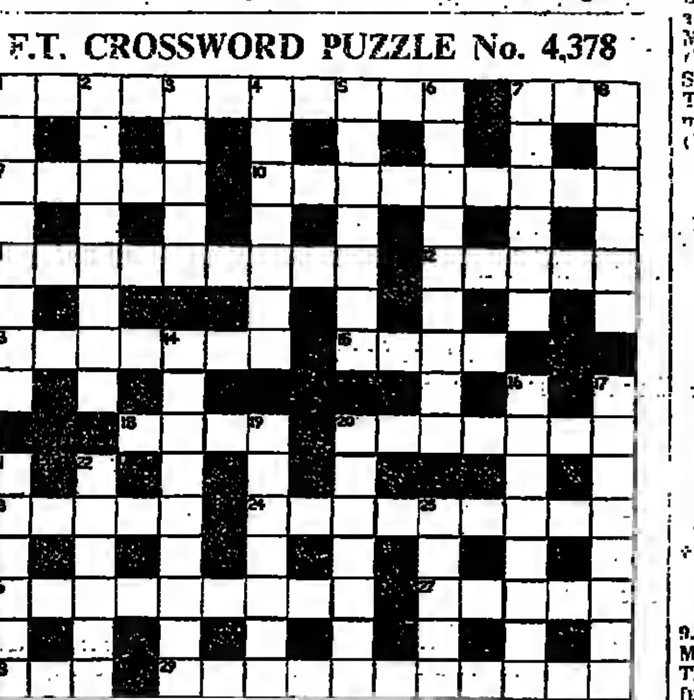
BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 4.30 London News Desk. 5.35 Music on the Move. 7.03 Black Londoners. 8.00 The Hitler Years. 8.30-5.00 am Join Radio 2.

London Broadcasting

6.00 am AM—Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 12.00 LBC Reports. 8.00 pm After Eight—Therese Birch, including interview with Stirling Moss. 9.00 Mike Dickin—Nightline. 12.00 LBC Reports Midnight. 12.30 am Decision Makers. 1.00 Night Extra. 4.00 London Rules. 4.30 City Week. 5.00 Morning Music.

F.T. CROSSWORD PUZZLE No. 4,378



ACROSS

1 Wave unlikely to drown cracksman (4, 7)
7 Neat bully (3)
9 Farewell to tip-top servant (5)
10 Barometer on landing stage featured in Mirror at length (4, 5)
11 Iron-master newsman sank (9)
12 Soothing word put yonder (5)
13 Aircraft sold for cutting down (7)
15 Discontinue little drink (4)
18 Pack self-starter on tug (4)
20 Quality inspector of needle-work (7)
23 Inclined to spare road junction (5)
24 Extended all the runners in the deep (4, 5)
26 Address of daughter is on route (9)
27 Near a fresh battleground (5)
28 Firm in decline (3)
29 Travelling footman got up to bloom (7, 4)

DOWN

1 Except on front stay dignified (4, 4)
2 Come across start to fight (4, 4)
3 Degree to which Mr. Heath is restrained (5)
4 Concerto ruling the roost in Roman times (7)
5 Worked with the hands as required by speaker (7)
6 Accurate troop arrangement in Tory fashion (5, 4)
7 Long for Pole to be a coward (6)
8 Laundress on tap (6)
14 Small number taking cake (5, 4)
16 Change for instance ought to include second self (5, 3)
17 Mark off to become academic (8)
19 Two beasts put in compound (7)
20 Lad seen torturing marine creature (4, 3)
21 Young men about town reading Leaves of Grass (6)
22 Born to like determined hound (6)
25 Gift to blonde outside left (5)

Solution to Puzzle No. 4377

ENTERTAINMENT GUIDE

OPERA & BALLET

THEATRES

CINEMAS

CLUBS

ART GALLERIES

Palace

Oklahoma! by B. A. YOUNG

Leonard Burt

John Diedrich and Rosamund Shelley

Oklahoma! is as much a classic as *Carmen*. When this production was announced, I wondered whether it could compete with the endless performances by amateur groups, with whom it is a favourite. There is no doubt that it will, not only because it is such a fine show, but because it is so ably done. I hope it runs for years, so that I can go and see it often.

What makes it such a favourite is that extraordinary run of songs. Nowadays if you have one hit song in a musical, that is about all you expect, and it normally comes half-way through the second act. In *Oklahoma!*, the curtain has only just gone up on Aunt Eller churning milk on an otherwise empty stage (and how this opening worried the investors in 1943!), when a voice offstage begins singing "Oh, what a beautiful morning!" and on comes Curly, singing his heart out in a song specifically designed to set a mood of happy optimism. But this is not all. Before the first scene—not the first act, the first scene—is over, we have also heard "The Surrey with the fringe on top," "Everything's up to date in Kansas City," "I'm just a girl who cain't say no," "Many a new day" and "People will say we're in love." No musical before or since ever started like this.

At the Palace all is well. Aunt Eller is Madge Ryan, almost the only well-known name in the predominantly young company; Laurey's farmhouse, with its background of tall corn, is a stunning design by Tim Goodchild; and Curly is John Diedrich, a splendid newcomer from Australia, handsome of face and handsome of voice. Laurey is taken by Rosamund Shelley, radiantly pretty and [illegible] to listen to. The story, adapted from a novel by Oscar Hammerstein, is simple and [illegible] two men, Curly the goodie and Jud Fry the baddie, battle for Laurey, and by way of a sub-plot two men, Will the romantic (Mark White is romantic enough but a little short of muscle) and Ali Hakim the comic (Linal Haft is that all right) battle for Ado Annie (Jillian Mack, who combines the comic quality of the one with the other's need for a touch more strength).

After a descent into gloom in Jud's smokehouse, where Alfred Molina seems near to accepting Curly's invitation to hang himself, we return to another of the show's novelties, the long ballet, choreographed by Agnes de Mille and re-staged by Gemze de Lappe, that expresses the emotions of the moment better than pages of Mr. Hammerstein's rustic dialogue could. Dancing starts the next act too, with the big party where all the disputes are set in train for solution. Curly wins Laurey, pore Jud is duly dead and Indian Territory becomes Oklahoma to a terrific chorus.

No doubt about it, it's the songs that make the show, and alas, their genre has disappeared. There can never be a satisfactory rock musical, to my mind, because rock has not this singing quality, that goes back through Kern and Friml to Lehar and Strauss (not Richard). When a composer comes along who has ideas like the triplets on the strong beats in "Many a new day," the ability to compose a long developing ballet like "Out of my dreams," we may hope again. Meanwhile, it is one of the snags of the musical revivals that currently entertain us that they reveal the inadequacy of their more recent rivals.

On the other hand, they remind us that there is still a call for real singing (even if discreetly amplified) and real dancing. James Hammerstein's production and Ray Cook's musical direction ensure that we have both, and Tim Goodchild's designs keep them fine to look on. This *Oklahoma!* must surely please everybody.

Festival Hall

London Mozart Players

by DAVID MURRAY

Mark Elder has just become Principal Guest Conductor of the Players, and his gift for balancing orchestral colours was attractively in evidence in all Wednesday's programme. The dark sonorities of Mozart's Masonic Funeral Music were plangent, even at a more pressing tempo than the piece seems to invite, and in the "Prague" Symphony he compensated for tame strings by beautifully transparent handling of the winds. Something of the dangerous energy of the music was elided, but there was enough smooth strength, and the chromatic turns of the Andante were most delicately shaped.

Where the musical weight was carried by the strings, as in most of C. P. E. Bach's fine, laconically pithy Symphony in F — welcome imagination in the programming — the results were inclined to be dull. There is little bite in the Players violins. One looked forward with special interest to the appearance of Iona Brown, the sprightly leader of the Academy of St. Martin-in-the-Fields, as soloist in the Beethoven Violin Concerto: would she encourage her cohorts to show some spirit?

Decidedly not. She and Mr. Elder settled upon, or sank into, such soporific tempi for the first two movements —especially the Larghetto, which passed here for an interminable Largo — that a decently sturdy Rondo came far too late. (And there, Miss Brown sacrificed the character of the main tune by sliding hastily across the bar-line between its initial upbeat and downbeat every time). The majestic serenity of the opening Allegro at last became oppressive, despite the lyrical sweetness of Miss Brown's playing and a radiant *tutti* in mid-movement, through the obstinate refusal of the orchestra to allow any hint of dramatic excitement in developing passages. The solo violin suggested a flight of larks at the outset of the Larghetto — Miss Brown revels in the aerial regions above the stave — but as phrase succeeded longdrawn, undershaped phrase, the shapes of the music melted like wax. The Concerto really has a much stronger backbone than that.

Wigmore Hall

Adeney, Wallfisch, Johns

Martinu is one of that group of 20th-century composers with neoclassical tendencies—Hindemith is another — whose music will be due for reassessment before very long. At present we hear only a small fraction of his huge output, and that chiefly because he provided works for less usual instrumental combinations. It is some measure of the paucity of the repertoire for the trio of flute, cello and piano that Martinu's trio of 1943 was the main item of interest in the recital given on Wednesday night in the Wigmore Hall by Richard Adeney, Raphael Wallfisch and David Johns.

There is little to offend delicate sensibilities in Martinu's trio. It is unfailingly well written for the ensemble; the finale is prefaced by a beautiful, languorous flute solo (suiting Mr. Adeney's elegant style very well) before culminating in inevitable motoric Allegretto, and the first two movements continually light upon engaging snatches of melody. The whole work is tacked together out of such moments, but at least it does not pretend any greater profundity.

The detached preciseness of the ensemble there also extended to the trios by Haydn (a work better known as a conventional piano trio in D major) and Weber. As considerable makeweights, Mr. Wallfisch played Schumann's *Stücke im Volkston*, with rather wiry tone and lack of imagination when Schumann's fantasy takes flight, but strongly articulated in rhythm and firm of pitch, while Mr. Adeney played C. P. E. Bach's A minor sonata for solo flute and Prokofiev's D major Sonata. The Prokofiev performance was markedly inferior to the evening's other offerings, so much so that one wondered whether adequate time had been left to rehearse it, and how long it was since Mr. Adeney had last played the work.

ANDREW CLEMENTS

Lloyd Webber musical inspired by Eliot's poems

Composer Andrew Lloyd Webber's next project, due to open in London next April, will be a musical, *Cats*, inspired by poems of T. S. Eliot.

The production, in contrast to Lloyd Webber's other works such as *Evita* and *Jesus Christ Superstar*, will emphasise dancing. Choreography will be by Gillian Lynne and the director will be Trevor Nunn of the Royal Shakespeare Company.

Lyric writer Tim Rice, the other half of *Evita* and *JCS*, will not be collaborating in the production.

Cinema

Emotional wastelands by GEOFF BROWN

The Marriage of Maria Braun (AA)
Screen on the Hill, Cinecenta, Odeon Kensington
The Third Generation
Electric Cinema Club (from Monday)
German film week
National Film Theatre
Xanadu (A) — Plaza
Chuquiago — ICA

Films continue to tumble out of the amazing Rainer Werner Fassbinder in a way hardly seen since Hollywood's conveyor-belt days, when a director thought nothing of notching up six low-budget westerns a year, with the same actors, horses and backdrops slightly shuffled around. After his 1978 film *In a Year With Thirteen Moons* a fortnight ago, we now—in the same week—have another film from 1978, *The Marriage of Maria Braun*, and one from 1979, *The Third Generation*. But in some ways Fassbinder is beginning to seem more like a studio than an individual director: the films are bound together by their repertory company of performers and technical staff, yet their style and quality jump about like firecrackers. *The Third Generation*, for instance, is a fairly hideous, inchoate potboiler, thrown together with fury: *The Marriage of Maria Braun* is made with deliberate "artistic" style, cool and classically controlled.

Fassbinder has probably won more commercial success with his romantic story set in post-war Germany than in any previous film, and its lead performer, the luminously beautiful Hanna Schygulla (familiar from Fassbinder's earlier *Effi Briest*), is now in a position to turn down work with Marlon Brando. The reasons are obvious. The narrative is strong and simple, and all the world loves a pair of lovers, especially when there are so many obstacles and complications put in their way. Maria's love for Hermann has to survive separation immediately after their wartime marriage (splendidly conducted among falling bombs and debris); there is further separation once Hermann returns and is put in prison for allegedly killing Maria's friendly black American soldier. While Hermann wilts behind bars, Maria visits him in increasingly resplendent costumes — testament to the wealth she's acquiring (on Hermann's behalf) in her job as personal adviser (and more) to a textile industrialist.

Fassbinder, with his well-known devotion to the Hollywood melodramas of Douglas Sirk, knows exactly how best to orchestrate such a tale with clangorous chords of music, or to use the interior décor to reflect on his characters (characteristically depicting them within a complex framework of doors, stairways and windows). But he has still left out one key ingredient from the recipe: emotional urgency. "It's a bad time for emotion," Maria muses at one point during her self-willed journey up the ladder of material success, "but I like it—nothing can really hurt you." Unfortunately, as the film advances Fassbinder seems to have taken her too much at her word—achieving his effects of style with so much precision that nothing can really hurt, or touch, the audience either. Moreover, the parallels Fassbinder strives to make between Maria's progress and the progress of post-war Germany remain far too submerged to be of any use. *The Marriage of Maria Braun* contains a good deal of impressive cinema, but too much of it smacks of cold calculation.

*

The Third Generation veers to the other extreme—a film so noisy and frenetic, so rough-hewn in its construction, that audiences are advised to watch it with a damp flannel permanently across the forehead. It is subtitled "A comedy in six parts, about party games, full of suspense, excitement and logic, horror and madness"; those performing the party games are a group of notably confused terrorists seeking to kidnap a prime symbol of degenerate capitalism — the director of a multinational computer organisation. Fassbinder's regular company appear with two French recruits Bulle Ogier and Eddie Constantine—who help to reinforce the film's connections with the stylistically and politically anarchic work of Godard in the Sixties. But Godard's lucidity and wit is nowhere in evidence.

Those interested in seeing German films not directed by Fassbinder will have plenty of chances at the National Film Theatre from Monday, September 22 to the following Sunday, when 13 recent productions are on view. Anyone terrified of strangling themselves with a pair of redundant earphones (there are far too many of them in NFT2) will be pleased to find that all but one of the films carry subtitles. Monday's opening attraction, at 6.15, is Heidi Genée's *1+1=3*, a film so full of warmth, so alert to the intricacies of its characters, that even earphones couldn't kill it. The title's erratic equation comes about because the heroine, an unmarried actress superbly played by Adelheid Arnt, decides to have her baby without the help of two ministering males (one of them the father), and despite the advice of friends or professional colleagues. Hardline feminists might be disgruntled by Heide Genée's decision to treat the situation as optimistically and cheerfully as her heroine; but the rest of us should be enormously gratified to find a film which concentrates with such honesty on social issues and human relationships, and never loses its sense of humour in favour of breast-beating or self-pity. The film is repeated on Saturday at 4.15: let us hope that a proper commercial run in London isn't too far away.

*

Now then. It isn't every day someone up on the silver screen calmly says "I'm the daughter of Zeus" (actually Zoose) and "I come from Mount Helicon": *Xanadu* must therefore be recommended to all snappers-up of unconsidered trifles, especially when the immortal person in question is Olivia Newton-John, flouncing about with one or more shoulders bare and about as much charisma as a lamp-post. Her partners in this monstrously inept exercise in empty-headed entertainment include Gene Kelly (approaching seventy but with his eyes and smile still twinkling merrily), the Electric Light Orchestra (providing an equally twinkling soundtrack) and a great many happy people on roller-skates. It's certainly hilarious watching them drift around for 90-odd minutes amidst the most threadbare plot and shoddy visual effects. But the poverty of the film's imagination ultimately proves sobering. Is this really what the Hollywood musical has been reduced to—piles of cheap glitter and songs so banal that they hardly enter one ear let alone come out of the other? Can we now only conceive of Coleridge's "stately pleasure-dome" as a throbbingly vulgar palace of disco frenzy, or the characters of Greek mythology as glossy figures from fashion-plates and record-covers? All in all, *Xanadu* doesn't augur well for the future of civilisation.

Chuquiago, meanwhile, at the ICA, doesn't augur particularly well for the future of civilisation in Bolivia, with its sharp picture of social disunity, extremes of wealth and poverty and a general itch of disaffection. Coming from *Xanadu* to this Bolivian film of 1977 directed by Antonio Eguino, one almost keels over with the culture-shock. For there is no glitter here, no daughter of Zeus to make dreams come true. Instead, the camera is steadily trained, in a neo-realist fashion, on the ignominies and ironies of living in the country's capital city La Paz, built on a mountain side (and the higher the altitude the poorer the people). Four slightly overlapping stories are related, with a neatness that never obscures Eguino's passionate regard for the lives and problems of his four characters—ranging from an urchin who scrapes by doing odd jobs to a well-heeled university student with a wavering commitment to radical politics. This is Bolivia's most popular film, outdistancing even *Jaws* at the box-office. Unfortunately the print available here looks as though it's seen the inside of more projectors than was good for it; the film itself, however, can be firmly recommended.

Tatiana Aponta in 'Chuquiago'

APPOINTMENTS

COMPANY NOTICES

NORSKE HYDRO-ELEKTRISK KVAELSTOFAKTIESELSKAB

U.S.$20,000,000 8½% 15 YEAR EXTERNAL LOAN OF 1967

Hambros Bank Limited hereby give notice that in accordance with the terms of the abovementioned Loan, the Redemption for the 15th October, 1980, has been effected by the purchase of U.S.$412,000 nominal bonds and the balance amounting to U.S.$1,238,000 nominal bonds were drawn on the 13th August, 1980, for repayment at par. The outstanding balance of the Loan after the current redemption is U.S.$3,500,000.

A list of Drawn Bond numbers may be obtained from Hambros Bank Limited, Stock Counter, 4th Floor, 41 Bishopsgate, London, EC2P 2AA.

The Drawn Bonds may be presented to the above address or to the other Paying Agents named on the Bonds.

Bonds surrendered should have attached all unmatured coupons appurtenant thereto. Coupons due 15th October, 1980, should be detached and collected in the usual manner.

Bonds will be received on any business day and must be left three clear days for examination.

HAMBROS BANK LIMITED
19th September, 1980.

PRUDENTIAL CORPORATION LIMITED

NOTICE IS HEREBY GIVEN that the TRANSFER BOOKS and REGISTER of MEMBERS of the above Company will be CLOSED from the 24 October 1980 to the 3 November 1980 (both dates inclusive).

By Order of the Board of Directors.
R. E. ARTUS, P.E. MOODY, Joint Secretaries.
142 Holborn Bars, London EC1N 2NH.
11 September 1980.

SIAM COMMERCIAL (CAYMAN) LIMITED

U.S.$20,000,000 GUARANTEED FLOATING RATE NOTES DUE 1984
Guaranteed by
THE SIAM COMMERCIAL BANK LIMITED

Pursuant to the terms and conditions of the notes, notice is hereby given that the interest rate for the third interest period of 10th September 1980 to 19th March 1981 has been fixed at 12¼%.

The interest amount payable on 19th March 1981 against coupon number three will be U.S.$64.73 per U.S.$1,000 note and U.S.$323.68 per U.S.$5,000 note.

CITICORP INTERNATIONAL BANK LIMITED
Agent Bank

SPANISH 4% EXTERNAL LOAN (1074 ISSUE)

The coupons due 1st October 1980 may be presented for payment at BANCO ESPANOL EN LONDRES S.A., 60 London Wall, London EC2P 2JB, between the hours of 10 a.m. and 2 p.m.
London.
19th September 1980.

CITY OF MONTREAL

3% PERMANENT DEBENTURE STOCK

NOTICE IS HEREBY GIVEN that the Transfer Register will be closed from 10th October to 31st October 1980, both dates inclusive.

Registrars:
THE ROYAL BANK OF SCOTLAND LTD.
Registrar's Department,
16 Old Broad Street,
London EC2N 1DL.

THE COMMERCIAL BANK OF THE NEAR EAST LIMITED
NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the above-named Company will be held at 107-112 Leadenhall Street, London, E.C.3, on Tuesday 7th October, 1980 at noon for the purpose of considering and, if thought fit, passing the following Resolution as an Ordinary Resolution, namely:—

ORDINARY RESOLUTION

THAT the authorised share capital of the Company be increased from £1,000,000 to £3,000,000 by the creation of an additional 400,000 Shares of £5 each.

By Order of the Board,
N. M. PEGGIE, Secretary.

Dated 18th September, 1980.
Registered Office,
107-112 Leadenhall Street,
London EC3A 4AE.

Notes:—

1. A member entitled to attend and vote at the Meeting may appoint one or more proxies to attend and (on a poll) vote instead of him. A proxy need not be a member of the Company.
2. Holders of Share Warrants to Bearer who desire to attend and vote at the Meeting will receive a certificate of admission on depositing at the Company's registered office not later than 3rd October, 1980, their Share Warrants and particulars of their names and addresses; the Share Warrants will be retained until after the Meeting (or any adjournment) and will be returned to the persons who lodged them in exchange for the certificates of admission in accordance with the Conditions on the reverse of the Share Warrants.

Holders of Share Warrants to Bearer should ask the Secretary of the Company at the above address for a copy of the Circular dated 18th September, 1980 from the Chairman to the members concerning the proposed rights issue of 200,000 new Shares of £5 each at £5 per Share.

If the above Resolution is passed, advertisements will be published on or about 10th October, 1980 setting out the procedure which holders of Share Warrants to Bearer should follow in order to take up or renounce their rights to such new Shares.

COMPANY NOTICE

NEW CENTRAL WITWATERSRAND AREAS LIMITED
(Incorporated in the Republic of South Africa)
NOTICE TO MEMBERS

NOTICE IS HEREBY GIVEN that the forty-seventh annual general meeting of members of New Central Witwatersrand Areas Limited will be held at 44 Main Street, Johannesburg on Thursday, October 23, 1980 at 11h30 for the following business:

1. To receive and consider the annual financial statements of the company for the year ended August 31, 1980.
2. To elect directors in accordance with the provisions of the company's articles of association.

The transfer registers and registers of members of the company will be closed from October 16 1980 to October 23 1980, both days inclusive.

A member entitled to attend and vote at the meeting may appoint a proxy to attend, speak and vote in his stead. A proxy need not be a member of the company.

By Order of the Board
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
per W. Q. Nicol, Divisional Secretary.
Registered Office:
44 Main Street,
Johannesburg 2001.
September 18, 1980.

LATEC INVESTMENTS LIMITED

NOTICE IS HEREBY GIVEN that the London Branch Share Register conducted at the offices of the National Westminster Bank Limited, P.O. Box No. 82, 37 Broad Street, Bristol BS99 7NH is to be closed as from 5 p.m. on 30th September, 1980.

Following closure, all shareholdings in the Company currently recorded on that Register will be transferred immediately to the Register operated at the Company's Head Office at 66-70 William Street, Sydney NSW 2000.

By Order of the Board.
J. A. ANDERSON, Secretary.

PUBLIC NOTICES

OFFICIAL NOTICE

The loss has been reported to us of the following Warehouse Warrants:—

Numbers 250024 158 bags Nigerian Cocobeans. Gross weight 10,008 kilos.

Numbers 250859 5 bags Nigerian Cocobeans. Gross weight 301 kilos.

Numbers 250028 158 bags Nigerian Cocobeans. Gross weight 10,008 kilos.

Numbers 250860 5 bags Nigerian Cocobeans. Gross weight 301.5 kilos.

Anyone claiming to be entitled to these goods is invited to enter protest by means of summons against the delivery of these goods or the issue of a Duplicate Warrants.

HANDELSVEEM B.V.
AMSTERDAM (COCOA DEPT.).

COUNCIL

Bills amounting to £3,750,000 were issued on 17 September 1980 for maturity on 17 December 1980, all were issued at the minimum rate of 14¹¹⁄₃₂%. Applications total £41,250,000. Bills outstanding total £7,000,000.

METROPOLITAN BOROUGH OF CALDERDALE

£2,800,000 Bills issued on 17th September 1980 due 17th December 1980 at 14¹¹⁄₃₂%. Total applications £14,800,000. Bills outstanding £2,800,000.

CITY OF BRADFORD METROPOLITAN

TRAVEL

LEGAL NOTICES

IN THE MATTER OF DAVENSIDE LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the Creditors of the abovenamed Company, which is being voluntarily wound up, are required, on or before the 10th day of October, 1980 to send in their full Christian and Surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any) to the undersigned:

LAURENCE JACK GERRARD,
Chartered Accountant,
of Adam House,
14 New Burlington Street,
London W1X 2AU

the Liquidator of the said Company and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 9th day of September, 1980.

L. J. GERRARD, Liquidator.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Friday September 19 1980

Tighter grip on councils

SOME OF the wilder accusations which have been flying thick and fast between the local authorities and the Government have been belied by the facts contained in yesterday's statement on local government finance from Mr. Michael Heseltine, the Environment Secretary. Not all the local authorities are run by irresponsible and self-serving profligates, who hold in contempt the Government's efforts to make economies in the public sector. Mr. Heseltine, for his part, has not behaved like the tyrannical hatchet man represented in some of the councils' more intemperate propaganda.

Mr. Heseltine's call for a tightening of budgets has elicited a reasonably helpful response from most councils. Starting from the 5.6 per cent level of overspending implied in the original budgets which Mr. Heseltine received in April, £390m has been trimmed, bringing the revised budgets to within 2.6 per cent of the ceiling contained in the Government's public expenditure White Paper. This degree of overspending, amounting in cash terms to £350m, would still be unacceptable, but there are grounds for hoping that the authorities will, as usual, spend somewhat less than the maximum levels allowed for in their budgets. Over the past five years, councils have typically ended up 3 to 4 per cent below budget.

Manpower

The fact that local authorities have generally been acting somewhat less irresponsibly than the Government has at times suggested is also indicated by the manpower figures published by Mr. Heseltine. These showed a cut of 29,000 staff in the year to June. While this is only 1.4 per cent of the councils' employees, it marks a reversal of the unhealthy upward trend which had become re-established after the Labour Government's big cuts in 1976. It also compares quite favourably with central government's manpower performance. Provided that the local authorities can maintain the impetus of staff reduction, the signs so far suggest that they could end up with a greater improvement in efficiency than the Government has been able to achieve among its own civil servants.

However, in spite of the efforts which have undoubtedly been made by some authorities to live within the means prescribed for them in the Government's plan, there is still far more to be achieved.

As Mr. Heseltine pointed out, the council's recent record of underspending their budgets may not be a good guide to this year's outcome, simply because they have never before been forced to budget as carefully as they have this year. Further, within the aggregate figures, there is a great deal of disparity between those authorities which have attempted to economise and those which have ignored the Government's requests. It is, therefore, understandable that Mr. Heseltine wished to impose penalties on the most recalcitrant authorities and that he has decided to keep back some of the money promised in the Rate Support Grant settlement until the level of actual spending can be observed at the end of the financial year.

Unfortunately, the techniques available to Mr. Heseltine to tackle these problems are imperfect. His method of selecting the 14 councils which are to be specifically penalised is arbitrary. It will no doubt raise the bogey of central government dictatorship over-riding the preferences of local electors.

The general measure to contain spending — the withholding of £200m of Rate Support Grant — can be criticised as too indiscriminate and, quite possibly, ineffective. If the councils as a whole overspend, then the RSG will be reduced for all of them, irrespective of where the blame actually lies. Furthermore, if the Government is driven to acting in this way it will be because it has failed to prevent overspending. The effect will simply have been to transfer some of the burden of local spending from the Government's own borrowing requirement to that of the local authorities and eventually on to rate bills.

Clumsiness

Given the clumsiness of the present system of financing local government and the urgency of the need to control public spending, Mr. Heseltine seems to have struck a reasonable balance between coercion and persuasion and between the demands of local democracy and of macroeconomic control. The introduction next year of a new method of calculating the Rate Support Grant will make his task somewhat easier. But in the long run a more fundamental overhaul of local government financing is still needed.

No grounds for divorce

E. M. FORSTER once wrote that the definition of a perfect friendship was one where each of the two partners believed that he or she was slightly superior to the other. It is a recipe that ought to apply to Britain and France, yet sadly it does not.

The summer of 1980 in particular was not an especially good one in terms of Anglo-French relations. Whether the subject was apples, sheep-meat, or the striking French fishermen, the two countries were never very far from each other's throats, at last metaphorically speaking. What is more, it is hard to escape the impression that that is the way that both sides like it. Britain and France are so close, yet so different, that they play up the disagreements while tending to overlook what they have in common. It is a healthy enough rivalry in itself, provided that it does not get out of hand.

Mutual

The meeting between Mrs. Thatcher and President Giscard d'Estaing in Paris today, to be followed by an Anglo-French get-together in Bordeaux which President Giscard will not attend, is not exactly the first of its kind. Mr. Heath, when he was Prime Minister, sought not unsuccessfully to put Anglo-French relations on a better footing in his talks with the late President Pompidou. Mr. Callaghan did it again in his meeting with President Giscard in London in 1976. Nor was the good will by any means only on the British side. There appeared to be a mutual determination to forget about old antagonisms and to work together. Yet it did not last.

One of the lessons to be learned is not only that efforts to establish a new basis of trust must begin at the top; they must also be sustained. The level at which Anglo-French relations have so frequently come under strain in the past is that of foreign ministries. The Quai d'Orsay distrusts the Foreign Office and the Foreign Office distrusts the Quai almost from the top downwards. There are some understandable, though mostly historical, reasons: old colonial rivalries, for example, and the fact that France is more naturally a European power than Britain, with an ability to have an influence on continental affairs that is denied to the once Perfidious Albion. Yet if the heads of state or government can agree that these are the quarrels of yesterday, it ought also to be possible to pass on the message to those who serve them.

It is perhaps painful for the British, but none the less true, that on areas of disagreement the French have often been right. They were right about foreseeing the energy crisis and right about the need to take account of the Palestinians in the Middle East at a time when practically everyone else was dismissing the PLO as a purely terrorist organisation. On the other hand, the French were wrong about an independent Europe. It is the British (and German) view of the need to give at least equal weight to maintaining ties across the Atlantic that has prevailed and which is now accepted by M. Giscard d'Estaing, the most Atlanticist of French Presidents. Both sides were wrong in their initial enthusiasm for Concorde, a fact which the French might now have the objectivity to admit.

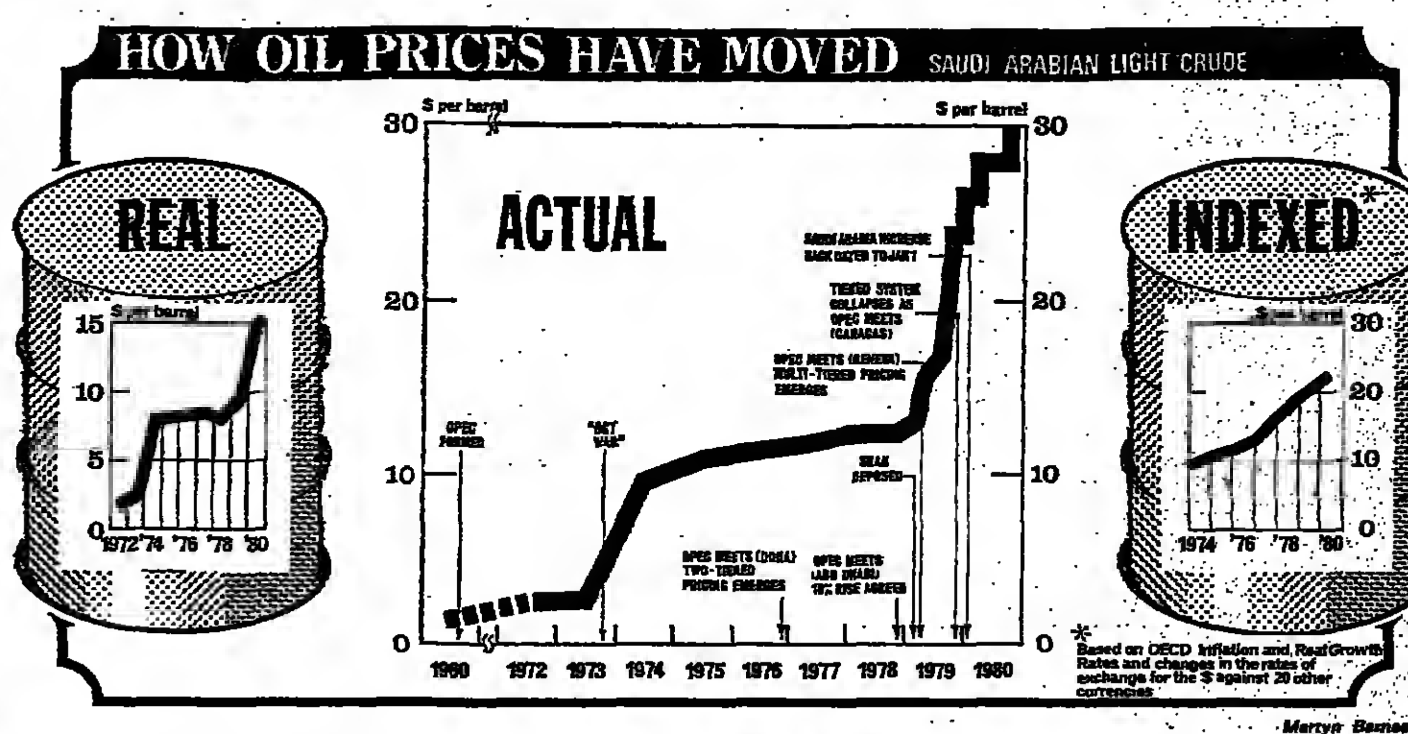
Formidable

There is no shortage of shared experiences and they all point in the same direction. Even the French fisheries dispute which simultaneously irritated and delighted British tourists only illustrated the need for a common fisheries policy. The two countries do after all live in the same world, the same Community and the same alliance, even if the French are outside the military organisation. Excessive Anglo-French rivalries serve neither Britain nor France; nor do they serve the wider bodies to which, in the common interest, they have chosen to belong. Since there can be no grounds for divorce, it is better to make the best of the marriage. The British and French together could be a formidable combination. For Mrs. Thatcher and President Giscard to succeed today, the message needs to go all the way down the line.

OPEC IN VIENNA

Saudi Arabia puts the squeeze on Iran

Richard Johns reports on OPEC's failure to agree on a new pricing formula and (below) **Ray Dafter** looks at the oil industry's reaction.



* Based on OECD Inflation and Real Growth Rates and changes in the rates of exchange for the $ against 20 other currencies

Martyn Barnes

THE ATTEMPT by OPEC to forge a new policy that would link automatic price increases to a new framework for production foundered, more than anything else, on the refusal of Iran to go along with the whole scheme.

This has underlined the extent to which Ayatollah Khomeini's regime is a new and disruptive factor within the 13-nation oil producing group. In the past, inter-Arab rivalries have strained the organisation on a number of occasions. But generally it has managed in the end to keep non-oil politics out of the deliberations.

In this week's Vienna meeting, however, even Venezuela, the effective founder of OPEC some 20 years ago, could not contain the differences between some of those present.

Instead of agreeing to the careful OPEC formula — to which Algeria offered an amendment that appeared close to acceptance — Iran did not budge from its contention that the price of oil should immediately be set at a rate comparable to the cost of developing other energy sources.

Iran has already used this argument to drive up prices for its own light crude ($35.37 a barrel compared with $30 for an equivalent crude at the new Saudi price) and has seen its exports slump to 1m barrels a day or less because its oil is overpriced in a surplus market.

But most of its partners in OPEC were convinced that the real reason for Iran's objections is its bitter hostility to Iraq and, to a lesser extent, Saudi Arabia.

The Saudi response to this has emphasised again the way in which the kingdom can still bestride the organisation. Bolstered by its own new-found tactical alliance with Iraq, Saudi Arabia reversed its earlier decision to cut output and said that it would go on pumping at the rate of 9.5m b/d.

Saudi strategy is now clearly aimed at putting an intolerable financial squeeze on Iran which by the end of the year could find its foreign exchange reserves—or those not frozen by the U.S.—at an extremely low level.

The key question now is whether the other members of OPEC will be prepared to hammer out an agreement on a price supply formula without Iran.

Compromise with Algeria and Libya the other two members who objected to the OPEC formula, seems possible at the special meeting of oil Ministers set for October 14, probably to Geneva or London. Up to now, unanimity has been the rule in OPEC, but the statutes make no reference to summit meetings, so it is possible that they could *all* agree effectively to ignore Iran at the summit and formally approve the strategy.

In the meantime, this week's meeting has demonstrated that the Saudis have lost none of their talent for surprise. Just before midnight on Wednesday it had appeared that three days of talks had ended in disarray. Then OPEC announced the Saudi $2 a barrel price increase and said that other members would freeze their rates till the end of the year.

This will be enough to keep the idea of some kind of pricing formula alive as the rest of the organisation seeks new ways of reaching its most essential objective—agreement on automatic price increases and a commitment to balance supply and demand.

The recommendations, as they still stand, are that prices should be regularly increased to take account of:

- Inflation, as reflected in the cost of goods and services exported by members of the Organisation for Economic Co-operation and Development.
- Fluctuations in the value of the dollar measured by the movement in a basket of currencies, including the U.S. unit, which is likely to remain indefinitely the one for accounting for oil prices, as well as the main means of payment.
- The average growth rate of the OECD—to give producers revenue gains in real terms that the industrialised countries can absorb. Higher costs of oil imports by developing countries would be defrayed by OPEC aid.

Iran, Algeria and Libya continued to press in Vienna for the inflation component to be based on OPEC members' domestic rates and—much more serious as a guarantee for self-perpetuating increases — their own very high rates of growth.

In their French-educated manner, the Algerians ruthlessly pursued their goals, as concerned as anyone not to lose face. But once the time for bargaining was over, as usual, they realistically offered a compromise.

On Wednesday afternoon they presented an amendment to the report's indexation recommendations. Libya, it seems, was prepared to go along with it. Algeria proposed, according to circumstances including market conditions, a margin of 5 per cent above and below the basic reference price set by the report's formula, as outlined in the final draft.

It demanded in return a production programme to control overall OPEC output as a means of maintaining prices at the desired level. Traditionally, Saudi Arabia has been adamant in its opposition to any idea of supra-national interference with its sovereign right to set its own rates of output.

Officially, Saudi Arabia has not changed its policy. It is believed, however, that the kingdom would accept "prorationing" in return for a binding commitment and an adherence to the more moderate system of indexation recommended in the report. Saudi Arabia may have seen the Algerian proposal for a 5 per cent marginal swing as a major loophole that could make agreement worth no more than a string of *beans*.

But some compromise would have been possible and by continuing to pump oil at 9.5m b/d Saudi Arabia is now putting pressure on the upper tier prices charged by Algeria and Libya. It is thereby laying credible foundations for price unification at the end of this year, when Saudi Arabia, in return for adoption of the index, would raise its own price again.

Oil industry continues to hold its breath

IT may seem that oil companies have been holding their breath this week as ministers of the main exporting countries tried to restore order to the crude oil pricing system. Certainly they have remained very quiet.

Having been pushed to the sidelines of price-setting deliberations, the companies are now concerned not to upset the different factions within the Organisation of Petroleum Exporting Countries, which could trigger further disruptions in the oil supply pattern.

That said, the industry has been keenly interested in events in Vienna. A Saudi Arabian price increase of $2, to $30 a barrel, was always on the cards. Some companies—those without access to Saudi crude—are relieved that the kingdom has raised its tariffs closer to the $32 a barrel reference level set by OPEC at its summer meeting in Algiers.

The industry acknowledges that the main recipients of Saudi crude—Exxon, Texaco, Standard Oil of California (Chevron) and Mobil—could have pressed home their pricing advantage more forcibly and been more aggressive in the products markets.

The fact that they have shown this apparent restraint may have much to do with politics; they may have thought it prudent not to increase market shares significantly because of Saudi Arabia's policy of pricing moderation.

So, instead, they have joined the rest of the industry in building up stocks of crude oil. With world oil production now running at about 2.5m barrels a day in excess of depressed demand, stocks have risen to record levels. Shell recently estimated that non-communist world stocks now amounted to 5bn barrels or roughly 100 days' supply. This compares with a midsummer average in the main developed countries over the 1976-79 period of about 80 days' supply.

As a result, there should be no oil shortages this winter—and for much longer if Saudi Arabia continues to produce at 9.5m barrels a day. It costs the industry about $12.5bn a year to store 5bn barrels, but the total storage bill comes to a notional $39bn annually if the interest charges (say 15 per cent) on the price of the stored oil (an average of $35 a barrel) are taken into consideration.

It is a sobering thought that during the past decade there have been just two periods, about 18 months in total, when there was a real sellers' market and oil was in short supply. Apart from 1973-74 and 1978-79, oil has been in surplus. And yet, during the past decade, the price of Saudi's Arab Light crude has risen from $1.75 to $30 a barrel, basically in two big steps.

The result has been something of a nightmare for oil companies. They have had to operate in a marketplace turned upside down by the worldwide inflation and lowered growth that followed the 1973-1974 and 1978-79 crises. They have had to contend with sudden, quantum leaps in the demands on their working capital. And they have had the embarrassment of "stock profits" arising from the escalating price of handling oil.

But they are also uncomfortably aware that during the mid-1970s public and corporate perception of a permanent energy problem was dulled, and that, with crude in plentiful supply prices began to fall in real terms. The companies started to postpone some of the big non-oil energy projects that had seemed essential a couple of years earlier.

For all these reasons the industry in general hoped that OPEC could find a unified pricing formula to ease some of the tensions among member countries and lay the foundation of a more stable oil market. Indexation—if based on a reasonable set of assumptions—could be a solution.

For companies investing in high cost energy projects, one of the major advantages of an indexed pricing structure is that it would provide a further measure of confidence.

Some alternative energy sources, such as shale oil, tar sands and gas from coal, are already becoming commercially viable as a result of recent oil price rises. The American Petroleum Institute estimated in a report last month that coal-based gas could be manufactured and sold for the equivalent of between $30 and $36 a barrel. The cost of shale oil and liquids from coal was put at $30-$50 a barrel.

Not that there is any guarantee that there will be a gradual, orderly rise in oil prices. There must always remain the threat of a Middle East disturbance causing a further panic and consequent big jump in prices. Dr. Ulf Lantzke, executive director of the International Energy Agency, said last week there was a danger of consumers being bit twice: by index-based rises at times of slack demand and by market-led increases when supplies were short.

But if indexation is to work, OPEC members must be prepared to trim their output to keep supply in line with demand. If the combined pricing/production formula is effective, OPEC should be able to counteract any supply disruption by one of its members.

The reasoning runs thus: Indexed prices would contribute to continued worldwide inflation and act as a brake on economic growth. They would further stimulate energy conservation measures and investment in non-OPEC oil production.

All these factors could help the world to restrict its demand for OPEC oil to below 30m barrels a day, perhaps to nearer the 28.4 b/d average output for the first half of this year. In this way OPEC would always have spare productive capacity to exploit in an emergency. According to Petroleum Intelligence Weekly, OPEC members have sufficient production capacity to sustain an output of about 34m b/d for several months. In theory, then, it would be possible for OPEC as a whole to make up for the lost production from any one of its members—with the exception of Saudi Arabia.

It would be wrong to assume that the oil companies are bitterly disappointed about the outcome of the Vienna meeting. They were always aware that an OPEC agreement on pricing and production controls would be difficult to achieve, particularly in Iran's present mood.

Companies will be eager to learn more about the assumptions that are to be used in any indexing system, together with assurances about price restraint and security of supplies. In that respect, a delay in fixing the index may be welcomed.

On the other hand, the industry hopes that OPEC will continue its efforts to bring more stability and pricing predictability to the oil market.

MEN AND MATTERS

Lessons in democracy

Big Jack Spriggs, the shop steward who took over the boardroom in the pioneer workers' co-operative, Kirkby Manufacturing and Engineering, joins the long Merseyside dole queue today.

He became the country's best-known worker-director when Tony Benn, amid political uproar, backed the KME workers with nearly £4m of Government money in 1974. It was largely Spriggs' voluble persistence, alternately infuriating and impressing the politicians and civil servants, that kept the co-op going through repeated crises until last year.

Reflecting ruefully on the failure in the empty factory last night, Spriggs told me: "It has been quite an experience; I think I have learned a lot from it.

"We tried to do too much too quickly—tried to develop industrial democracy too fast while we were trying to turn the place into a viable business. There were some hard decisions to take, and I tried to soften them. There should have been more self-discipline."

Spriggs is adamant that KME's collapse does not mean the end of workers' co-operatives. "There'll be more," he predicated confidently, "and they'll not make our mistakes."

The last man to leave the sunken ship in true Liverpudlian tradition, he has not yet given much thought about how he will keep himself afloat. He's 45, with a family, and started in life as a welder. "But a lot of skilled welders round here are already out of work, or they've got jobs as hospital porters and bus drivers."

Ideally, he would like to work in industrial relations—"but relations with industry are a bit distant up here."

Needled

Queen Victoria would not have been amused could she have heard the way they were carrying on about her husband's best-known contribution to British culture in London yesterday. The present-day output of Christmas trees, John Gent growled, is "rubbish."

In the distinctly unfestive surroundings of the Royal Agricultural Society, Gent was retailing a few uncomfortable home truths to the couple of dozen forest folk who turned up for the launch of the British Christmas Tree Growers' Association, a branch of the Timber Growers' Organisation.

Blaming the drought of 1976 for the tatty state of recent cuttings, he said there had been a shortage for the past two years and "a lot of rubbish has been sold." Although prices had gone up, and the home industry was turning over £7m a year on sales of 2.5m trees, Gent warned darkly of a glut looming as the plantations recover.

Growers should build up a club-like spirit, he urged; help one another out in the frantic chopping days before Christmas and, of course, try to keep prices up. He is also, I am glad to say, eager to devise a way of stopping the product falling to pieces all over the carpet and clogging up the clockwork in my train set.

Bust gone

Those two famed fixtures at Associated Communications Corporation, Lord Grade and his fat cigar, were in jaunty form at the annual meeting yesterday. Cheerily fielding questions and conducting the proceedings with his hand-rolled baton, he found himself uncharacteristically stumped by a query from one shareholder concerned about the apparent disappearance of a third fixture from a small corner of ACC's TV, film and entertainment empire.

What, he was asked, had become of the bust of romantic Welsh songwriter Ivor Novello, which used to grace the Drury Lane Theatre?

Briefly at a loss, the 73-year-old chairman, who has little free time for relaxing at the theatre, seemed concerned at the mystery. "Maybe I've got it at home," he volunteered. "I'll have to check because all I know is a room with three telephones—and my bedroom of course."

Collector Katz

"Stanley Katz," says Sir Humphrey Wakefield, "appreciates art. And he does it at 100 miles an hour." Head of the Leber Katz advertising agency, this high-speed connoisseur takes great delight in surrounding himself with *objets* fine and costly. And to the profit of Britain's craftsmen, he finds much to appreciate in the UK.

Guided by expert Wakefield, Katz has spent the last seven years preserving and restoring the home of the Edison family in New Jersey. Crumbling after 30 years' neglect when he found it, it is now home for him, a private museum devoted to Thomas Edison, and a grand collection of paintings and furniture—most of which has been restored in Britain.

The latest project ordered by Katz is the re-binding of the family library of 4,000 books. And as one would expect of a man who has built himself a castle, plays with finely engineered steam engines and spoils himself with a "baby" Rolls-Royce, he has insisted that the work should be of the finest.

The latest batch of 30 volumes has just been "gilded in the purple" at the four-man workshop of BookEnds Bindery in North London, which, managing director Tim Siney may be pleased to hear, can now expect to receive another 1,000 for the morocco and gold treatment.

Wakefield, happy to oblige Katz's Anglophile tendencies, is also hoping to have his uncle, Lord Wakefield, build another steam engine for this avid collector, who, I ventured, seems to have something in common with the squirrel. "Yes," says Wakefield, "he is rather like a squirrel with expensive tastes. But wherever he finds his nuts, he likes to have them polished over here."

A penny for it

Those amenable people at the Passport Office, who willingly accepted CND leader Bruce Kent's job description as "secretary," gave even more latitude to Leslie Reich, north-west manager at Chesham Amalgamations. Reich tells me he was so fed up with being delayed at airports while explaining his passport designation as "merger broker," that when he renewed his documents he put himself down as a "thinker."

Since then, he tells me, the only hold-up he has experienced was at an Italian airport.

"A thinker, sir?" puzzled the man with the rubber stamp. "Tell me a thought."

"Well," breezed Reich. "I'm a professional, so I shall have to charge you for it."

"Next, please."

Observer

POLITICS TODAY FROM BONN

Disproportional representation

WEST GERMANS are beginning to speak of Chancellor Helmut Schmidt as they once spoke of Konrad Adenauer. Not only is he a conservative (albeit in Social Democrat clothing) capable of defending his record with the slogan "no experiments;" he also looks as if he could go on for ever.

Certainly there appears to be no threat to Herr Schmidt from the federal elections due on October 5, nor to anyone else in the governing coalition. There is a debate among intellectuals about whether it is a good or a bad thing that the campaign is so dull, one's own view being that it is entirely good. But do not expect much change. The result is said to be a foregone conclusion with the only doubt concerning the performance of Herr Schmidt's small coalition partner, the Free Democratic Party (FDP).

Those who advocate the introduction of a system of proportional representation in Britain along the lines of the German model ought to be aware of how the German system works.

In practice, it gives the FDP quite disproportionate power. There has hardly been a time since the first federal elections in 1949 when the FDP has been out of office. In the 1950s and 1960s the Free Democrats tended to coalesce with the conservative Christian Democrats (CDU). There was a deviation in late 1966 when the Free Democrats walked out of the government only to find themselves replaced by the Social Democrats (SPD) in a grand coalition of the two big parties.

One of the aims of the grand coalition was to move to a two party system like the British and end the dependence on the FDP for good. The attempt petered out. In 1969 the FDP formed a governing coalition with the Social Democrats. This has been maintained to the present day and looks set to continue well into the 1980s.

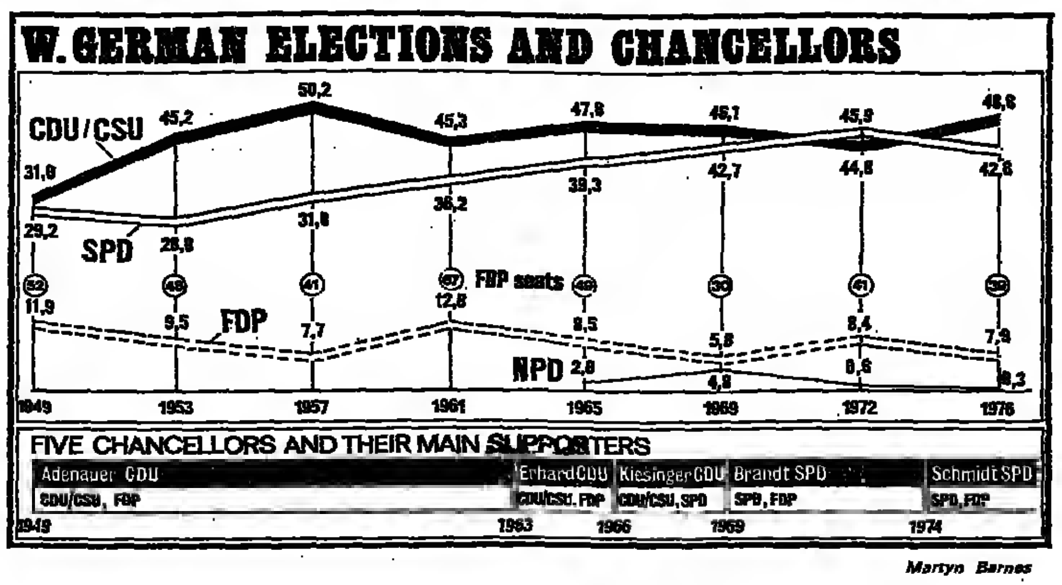
At this stage it is necessary to explain the system in more detail. German electors have two votes. The first is for a candidate who is elected on the principle of first past the post and then represents a constituency as in Britain. Only half of the 496 members of the Bundestag (Parliament) are elected in this way. The second vote is for a list of candidates compiled by the party regional organisations.

It is here that the element of proportional representation comes in. It is the percentage of list or second votes received which determines how many of the remaining 248 seats in the Bundestag go to each of the parties. No party is allowed to be represented via the list system unless it wins at least 5 per cent of these second votes or at least three constituency seats. The method of distributing the list seats, known as the d'Hoodt system, strongly favours smaller parties provided that they survive the 5 per cent hurdle.

In the hope that all that is clear, it is worth going on to

The method favours small parties

make the following observations. In the first place, the Free Democrats remain in the Bundestag entirely because of the list system. As the accompanying chart shows, their vote in federal elections has never been higher than 12.8 per cent and in 1969 was as low as 5.8 per cent. Yet the number of seats awarded to the FDP reached a peak of 67 in 1961 and fell only to 30 in 1969.



Martyn Barnes

By contrast, the British Liberal Party polled 19.3 per cent of all the votes cast in the General Election of February, 1974, yet won only 14 seats and that in a Parliament of 635 members, considerably larger than the German.

In the second place, the Free Democrats not only seem to have a disproportionate number of seats; they also seem to succeed in taking disproportionate advantage of their powers. In the present coalition, for example, they occupy four key portfolios at Cabinet level: foreign affairs, economics, agriculture and the Ministry of the Interior.

Third, it should be noted that voters may split their ticket. A first vote for the Free Democrats is wasted, since not even the FDP leadership expects to win constituency seats. In practice, the party relies on sufficient Christian and Social Democrat supporters giving their second vote to the FDP because they do not wish to see either of the big parties (even their own) win an absolute majority. There are, of course, FDP voters pure and simple, but it is highly doubtful whether there are enough of them to keep the party in the Bundestag.

Readers will judge for themselves whether the German model could, or should, be transplanted to Britain. It is by no means the only system of proportional representation available. My own immediate purpose is simply to describe.

It will be admitted on the basis of what has been said so far that the system is not strictly proportional; it gives the FDP far more power than its electoral support would warrant. The system has also served West Germany well more by accident than by design. The most interesting year was in many ways 1969. As can again be seen from the chart, the FDP came as close as it has ever done in a Federal election to failing the 5 per cent test while the extreme Right-wing National Democratic Party came quite close to surviving it.

Had the results been only very slightly different, the extreme Right might have entered the Bundestag at the same time as the Liberals went out. Alternatively, both the FDP and the NPD might have failed to be represented. Either way there would almost certainly have been no Chancellor Brandt.

Not many months ago, there was a period when it looked as if the election of 1980 could be just as tantalising. First of all, there was the rise of the Greens or the Ecology Party. The Greens won just over 5 per cent of the vote in state elections in Bremen and Baden-Wurttemberg and thus succeeded in entering the regional parliaments. That raised the prospect of their doing sufficiently well in the federal elections to enter the Bundestag.

Then in May this year the Free Democrats failed to be returned to the regional Parliament in North Rhine-Westphalia, West Germany's most populous state and often regarded as a political barometer for the country as a whole. Admittedly the failure was by a very small margin — some 1,700 votes — but people did wonder for a while whether the Free Democrats might also go out in Bonn.

Since then the Greens have faded and the Free Democrats have quadrupled their efforts. It is all back to normal even before the elections have taken place. The FDP is seeking to take second votes from CDU supporters who do not like the idea of their candidate for Chancellor being the right-wing Bavarian, Herr Franz Josef Strauss. The Free Democrats are also counting on there being a distinction between those who want Herr Schmidt to continue as Chancellor and those (possibly including Herr Schmidt himself) who do not wish to see him saddled with an absolute SPD majority.

The political talk has thus turned to what happens once the elections are out of the way. Herr Hans-Dietrich Genscher, the FDP leader, Vice-Chancellor and Foreign Minister, is insisting not only on his party retaining the same portfolios, but the same Ministers. Some of his claims may sound a bit rhetorical. For instance, he describes Graf Lambsdorff, the Economics Minister, as the "Ludwig Erhard of the 1980s," and the relatively unknown Herr Gerhart Baum, the Minister of the Interior, as the "liberal conscience of the Government." Both descriptions may be pretentious, but one should not underestimate Free Democrat power.

Most interesting from the European point of view is Herr Genscher's insistence that Herr Josef Ertl should continue as Minister of Agriculture and is ready to do so. Herr Ertl has been at his post since the present coalition was formed in 1969 and has not been exactly an advocate of the reform of the Common Agricultural Policy. But unless Chancellor Schmidt asserts himself, the Ertl-Bavarian influence could still be in play.

The changes in SPD portfolios look like being minimal. There is speculation about splitting the Ministry of Transport, Posts and Telecommunications, but we can let that pass. The man who could, and perhaps should, be at the

Herr Schmidt's successor

centre of any reshuffle is Herr Hans Apel, once and sometimes still thought of as Herr Schmidt's designated successor. Herr Apel used to be Minister of Finance, but was persuaded by the Chancellor to move to defence on the grounds that he needed all-round experience of the things that matter. Herr Schmidt occupied both portfolios before becoming leader. Both men come from Hamburg.

It is the view of some NATO Defence Ministers and senior officials that Herr Apel is not a great success at the job; nor does he appear to be particularly interested in it. Yet he cannot go to the Foreign Ministry because it is held by the FDP. If he were bold, he would demand agriculture and seek to push through the reform of the CAP.

A more likely change is that Herr Apel could become chairman of the parliamentary party, which is a position of some power. That would depend on Herr Herbert Wehner, the present occupant and one of the very few survivors of the original Bundestag in 1949, being ready to give way. If Herr Wehner goes and Herr Apel replaces him, the most probable successor at defence is Herr Hans-Jochen Vogel, currently Minister of Justice and whispered by insiders to be the next SPD leader, should Chancellor Schmidt ever depart.

That is the state of play at the moment. One should never forget that politics is full of surprises and it could change. The very peculiar German system is working well and is being successfully used by a conservative Chancellor. Yet there could come a time when the system could breed not stability but stagnation.

Coalitions based on the FDP tend to reflect middle class views and prejudices; they do not easily allow for a wider play of ideas. There might at times be a case for an overall majority of either Left or Right.

There are two other items to record. One is that Prof. Karl Schiller, the former SPD Economics Minister and arch-guardian of the social market economy, has rejoined the party on the grounds that its economic policies are no longer aberrant. The other is that there are just the faintest murmurings in the background of the need to return to a grand coalition between the progressive forces of the SPD and of the Christian Democrats. The power of the FDP is again being resented.

Malcolm Rutherford

Letters to the Editor

Neo-Keynesian alarums

From the Deputy Director, National Institute of Economic and Social Research

Sir,—Readers of the Financial Times, have not, in recent years, had much opportunity to consider neo-Keynesian views about the British economic situation. Perhaps now is the time for those concerned with the British economy to reconsider whether the neo-Keynesians might not be right after all.

The monetarist view, on which present policy is based, considers that the Government's central duty is to bring down the rate of increase in the money supply; after 18 months to two years the rate of inflation will then come down. Because of the beneficient effects of "rational expectations" and "the law of one price," the cost in lost output and higher unemployment will be small and temporary. Many monetarists argued that monetary policy should follow an automatic rule, by which interest rates were raised whenever the increase in the money supply exceeded a certain target figure. (They should, of course, now be demanding that the minimum lending rate be put up; their silence on this point is puzzling.)

The neo-Keynesian view is that "the money supply" is an elusive concept; that the attempt to control any particular number is likely to lead to erratic policies, and possibly to very high interest rates; and that the policy is essentially a rather inefficient mode of deflation. It works, in so far as it does work, by creating unemployment and so moderating money wage settlements, and in no other significant way. The disadvantage is that the cost in lost output and unemployment may be very high and may go on for a long time; and that there is no guarantee that money settlements will be permanently more moderate. When the Government eventually has to do something to stop the rise in unemployment and start to bring it down again, money wage settlements may just go up again. That is why neo-Keynesians are interested in other less costly and more permanent ways of moderating the increase in money wages.

Consider another issue. When the Government, shortly after taking office, made a major switch from direct to indirect taxes, it must have been advised that this change would make little difference to the price trend, since the money supply controlled prices. They must have believed this to be so; otherwise they would hardly have done what they did. The neo-Keynesian view was that past price changes are very strong influences on wage demands, and so on prices, and that this switch would push up the rate of inflation. Which view was right?

A third divisive issue concerns the future trend of output and employment. The Government's reaction to our present calamitous situation appears to be to attempt to reduce the public sector borrowing requirement further. They argue that this will bring down interest rates, and so the economy will right itself. The neo-Keynesian view is that, in a depression, the public sector borrowing requirement increases because revenue rises more slowly and social security payments go up faster; if then the Government tries to reduce the borrowing requirement, the attempt will be significantly self-defeating, and the further depressing effects on output and employment will be a powerful deterrent to investment. As an academic, I might hope that this experiment will be conducted; as a citizen, I hope it will not.

Many of those doubtful about current policies continue to support them because they feel it would be a great pity to go through this distress and get nothing out of it. As Macbeth said: "I am in blood stepp'd in so far that, should I wade no more, returning were as tedious as go o'er." It may be that we are suffering this distress, and incurring significant permanent damage to our industrial base—and, what is more important, permanent damage to human beings too—for a small and temporary abatement of inflation which will last only so long as unemployment is rising. Macbeth went on to the end; all he got was his own death.

F. T. Blackaby.
2, Dean Trench Street, Smith Square, SW1.

Not so cheap nannies

From Mrs. E. M. Baxter

Sir,—Being the owner of a large domestic employment agency, I read Mrs. Shepherd's letter (September 16) with some surprise. The current wage for a qualified and experienced nannie in a private household is in the region of £40 per week. Many employers pay "clear" ie in addition to the money handed to the girl they also pay her tax and National Insurance. This means the true wage would be in the region of £50 per week and in addition to this the girl has attendant advantages such as holidays abroad with the family, living accommodation of a high standard, ne travel costs to work plus "perks" such as the use of a car or a horse to ride. To obtain the same standard of living, a girl doing office work would have to command a salary of £80-£100 per week.

As we are currently placing 16-year-old school-leavers in their first jobs at £18 per week, obviously Mrs. Sheppard's daughter is very unwise at downgrading herself to this extent though her experiences are very much a reflection of the modern NNEB training which no longer produces a nannie. The course is intended to train nursery nurses and as non-residential and offering very little practical experience has become unpopular with private employers. Many girls are taking this course without checking on the local openings for nursery nursing which they could fill when trained and are ignorant of the fact that the trained NNEB has a lot to learn before she can become a nannie.

The NNEB training courses are organised in many parts of the country and give rise to tremendous wastage of hope as well as effort. This is a subject which warrants much more investigation.

E. M. Baxter.
Baxter's Agency.
P.O. Box 12, Peterborough.

Working wives

From Mrs. M. J. Goodchild

Sir,—Before the subject of working wives is closed I feel that the social benefit of employment to wives and mothers should be noted.

Both professionally and as a working mother myself I am always amazed at the low esteem in which a housewife holds herself. They are constantly surprised to find that a practicle and conscientious attitude towards work which they exercise daily at home is much appreciated when applied in the commercial world. Their self-respect receives a much-needed boost which is further increased often by the change in attitude towards them by their families. Their obvious value to the employment market seems to open their families' eyes to their true worth at last. Irritating every-day problems are drawn into better perspective and a happy atmosphere often results. Employment outside the home is the best prescription of all for depression in middle-aged women.

M. J. Goodchild
Goodchild's Employment Agency,
5, The Broadway, Crawley, Sussex.

Fares war in the air

From the Managing Director, Oceanair Travel

Sir, — As a travel agent specialising in servicing the requirements of the business traveller, I feel I should point out the danger of a major fares war among the world's scheduled airlines.

Whilst these new low fares may benefit the holiday traveller in the short term, the inevitable result as the airlines lose even more money than at present will be a cutback in services and schedules essential to the businessman.

Whilst I do not deny that there should be a more equitable fare structure, it must be remembered that the businessman will always have to pay more if he wants the convenience and flexibility of a choice of flights; the ability to cancel, change or no-show without penalty; the ability to switch routes and carriers; the interchangeability of international air tickets, and many other benefits which are often taken for granted.

It must be remembered that there is no more similarity between a cheap charter and a scheduled flight than there is between a package tour to Majorca and a complicated business trip to the Middle East; they are totally different products and must be priced accordingly.

Colin P. Boyce.
Oceanair House, 133-137 Whitechapel High Street, E1.

Tax and marriage

From Ms. V. R. Housden

Sir,—There has been much correspondence in your columns recently concerning the alleged "tax anomaly" of the Wife's Earned Income Relief. I must admit that I fail to see how a provision of real discrimination against married women can be an anomalous and unfair tax advantage. A single man, a single woman and a married man are each entitled to a personal allowance which may be offset against any income received, not just earned income. A married woman is only entitled to relief on money she actually earns. She is not entitled to relief against any investment income she may receive.

The situation would be much improved if the married man's allowance in its present form were abolished, and everybody regardless of sex and marital status were entitled to a full personal allowance in line with the present single person's allowance which could be offset against any income.

If both partners to a marriage work, then each would have his/her own allowances as happens at present with unmarried working couples. However, if one partner elects to remain at home, the working partner should be entitled to that part of the non-working spouse's personal allowance not used up by unearned income. In most families this would mean the husband would have two full personal allowances.

To abolish the Wife's Earned Income Relief without revising and reforming the whole system of reliefs and allowances to create a more just and equitable situation, would simply be yet another example of the mockery present tax laws make of marriage.

V. R. Housden,
55, Chapel Wood, New Ash Green, Kent.

Popular apples

From Mr. Dan Neuteboom and Mrs. Margaret Charrington

Sir,—The English apple industry is doing a great deal about the presentation and marketing of our product.

Next month we are, for the first time, producing a common super brand of "Kingdom" Cox designed to provide the trade and therefore the public, with a consistent high quality product.

Meanwhile our inspectors are visiting wholesalers and retailers daily to check on the quality of the English apples on sale. Where apples are found to be too small, unripe or marked, the fact is drawn to the attention of the grower who is invited to withdraw them from the market with the alternative that his name will be listed and published as a backslider. We cannot get round every stall or every greengrocer but this sanction is proving effective.

We do not say that people should eat apples because they are English: we say that they will want to eat English apples because they taste better. This they are now doing in increasing numbers. The latest market information is that English apples are in greater demand, as compared with their principal bland and tasteless competitor, than ever before.

We have been off our backsides for a long time. It would be nice if some of our critics would get off our backs and give us the support which the apple industry is going to need to survive in the next decade.

Dan Neuteboom,
Chairman, Top Fruit Committee,
National Farmers' Union,
Margaret Charrington,
Apple and Pear Development Council,
Union House, The Pantiles, Tunbridge Wells.

Today's Events

GENERAL

UK: Sir Keith Joseph, Industry Secretary, addresses conference on provision and use of information, Sheffield.

Mr. William Whitelaw, Home Secretary, speaks at conference on crime and the community, Lancaster University.

Mr. Roy Hattersley, Opposition environment spokesman, speaks at Matlock.

British Medical Association publishes report on computing in doctors' surgeries.

Sir Peter Gadsden, Lord Mayor of London, attends centenary banquet of Institute of Chartered Accountants in England and Wales, Guildhall.

National Association of Ambulance Officers conference and exhibition opens, Harrogate

British Rail announces details of fare rises.

Final day of British Pharmaceutical conference, Newcastle.

Scottish Prison Officers Association conference continues, Falkirk.

National Union of Journalists meeting to discuss London weekly newspapers strike.

Overseas: Mrs. Margaret Thatcher meets President Valery Giscard d'Estaing, before fifth annual Franco-British Council meeting, Bordeaux.

International Monetary Fund votes on admission of Palestinian Liberation Organisation as observer, Washington.

Last day of European Parliament session, Strasbourg.

COMPANY MEETINGS

Comfort Hotels International, The Rainbow Suite, 99 Knightsbridge High Street, W, 10.30. Hogg Robinson, The Baltic Exchange, 14-20 St. Mary Axe, EC, 12.15. Letraset, Cafe Royal, 68 Regent Street, W, 12.15. William Ransom, Hitchin, Hertfordshire, 2.45. Textured Jersey, Engineers Way, Wembley, Middlesex, 12. Unitech, Great Eastern Hotel, Liverpool Street, EC, 12.

COMPANY RESULTS

Final dividends: Goodman Brothers and Stockman. Interim dividends: Breedon and Cloud Hill Lime Works. Desoutter Brothers (Holdings). European Ferries. Laporte Industries (Holdings). Liberty. Molins. Standard Telephones and Cables.

LUNCHTIME MUSIC, London

Organ recital by Marcus Sealy, St. Paul's Cathedral, noon.

Recital by Julian Tear (violin) and Christine Bunning (soprano), Guildhill School of Music and Drama, Barbican, EC2, 1.10 pm.

UDS plunges £8m in first half but holds interim

FIRST-HALF taxable profits of UDS Group, retail shop, mail order and department store operator, have plunged from £10.04m to £2.05m — but the board does not regard the results as at all indicative of the group's strength and prospects and has decided to hold the interim dividend at 2.6p. Last year's final was 3.61p.

The directors say it is too early to forecast the full year's results, which are heavily dependent on final-quarter sales, but they do not expect to reach the £24.12m pre-tax profit achieved in the last full year.

Turnover in the six months to August 2, 1980 rose from £195.64m to £206.34m, excluding VAT, an increase of 11 per cent.

At the operating level, profits fell to £8.78m after a transfer of £198,000 from deferred profits and debt contingencies, compared with £15.54m after a £357,000 transfer to such contingencies.

The pre-tax surplus is struck after depreciation and amortisation of £3.41m (£2.48m) and interest of £3.32m (£3.01m). Earnings, after tax of £0.82m (£4.02m) are down at £1.23m (£6.03m), or 0.6p (3.6p) per share. There are extraordinary credits of £0.79m (£0.45m).

Mail order subsidiary John Myers sustained a loss of over £3m in the first half and the group has agreed to sell the agency debts of this business as at January 5, 1981 to a larger mail order company.

In the light of revised projections and changed conditions, say the directors, they cannot justify the further investment of large funds which would now be required for John Myers' profitable growth. They anticipate some further losses and non-recurring terminal costs prior to closure but there will remain a large cash realisation available for more profitable use.

John Blundell and the other companies in the mail order division achieved profits of over £2m, they add, as cash collections kept in line with sales.

Almost £3m of the fall in group profits is accounted for by exceptionally depressed sales of men's and women's clothing. The menswear business made a trading loss and Richard Shops were only able to break even.

Of the other chains in the multiple shops division, Van Allan, acquired in September last year, broke even against a loss of £1.2m for the comparable period under its previous ownership, and the footwear companies increased sales but fell short of last year's profits.

There were losses of £228,000 relating to the closed furniture businesses.

Sales throughout the department stores side were unexciting, state the directors. William Whiteley's was particularly affected by the fall in demand and Allders of Chatham, in its first full year's trading, is not yet profitable. The remaining stores' results, although lower, compare favourably with their sector, they add.

Duty-free operations made progress despite lower passenger levels at UK airports and the strength of sterling. Trading began in May at Heathrow Terminal 2 and is already contributing to this division's profits. Associate results include for the first time the 40 per cent share in the duty-free shops at Rio de Janeiro international airport. The directors say heavy start-up costs gave rise to initial losses but trading has now reached a satisfactory level.

They are confident that the group will make good progress as soon as general conditions improve.

Lex, Back Page

HIGHLIGHTS

The Lex column dwells on the gloomy news being revealed by the corporate sector. Yesterday's biggest shock came from GKN which has cut its dividend and is not earning any profits at all in the UK although many of its overseas operations are still performing quite well. Another sharp setback was also suffered by stores group UDS and although the dividend is maintained the outlook is far from clear. Rowntree Mackintosh's profits are down by more than 50 per cent in the first half and the group expects to see a highly competitive market put margins under pressure for the rest of the year. Perhaps slightly less disappointing figures came from Delta Metal where profits are only marginally down but current demand is low and the outlook remains poor. Lex also briefly looks at the details of the money supply statistics issued yesterday by the Bank of England.

GKN drops to £22m midway

AS EXPECTED, results of the Guest, Keen and Nettlefolds steel group for the first half of this year have fallen substantially short of the same period last year—profits are down from £53.5m to £22.4m before tax of £20.2m against £21.6m.

Profits are struck after interest payable of £22m (£14.8m), depreciation of £24.3m (£22.1m) and a further £13.6m against £11.5m charge for inflation depreciation.

With the greater part of at least £9m redundancy costs and some £20m termination costs falling in the second half, the directors say group results in that period will be significantly lower than the first six months.

Overall, the group's UK operations made no contribution to first half profits, the directors say. Virtually all the profit is attributable to overseas activities and the results of these should be reasonably well maintained in the second six months.

The interim dividend is being cut by 31 per cent from 5.8392p to 4p and the level of the year's dividend will depend on the board's assessment of the year's results and prospects in March 1981. Dividends last year totalled 19.3937p when *pre-tax profits* were £101.4m.

After tax and minorities of £2.7m (same), an attributable loss of £0.5m was incurred in the first half against profits of £29.2m. Stated earnings are nil (18.5p) but 7.8p (26.3p) before the additional charge for inflation depreciation.

Since April, demand has failed to recover to anything like the 1979 level, with many of the group's customers themselves experiencing acute trading problems.

General steels, special steels and forgings, and automotive components have all been severely affected in their home markets, and world economic conditions and the continued strength of the pound caused reductions in sales and margins in export markets.

Destocking by United Kingdom customers also had a severe impact on both manufacturing and distribution activities.

The European automotive component operations again performed well. The $100m investment programme in transmission manufacturing facilities in the U.S., which in 1980 is incurring substantial pre-production costs and interest charges at budgeted levels, is proceeding according to plan and initial production has commenced.

In the second half year there has been a further sharp deterioration in UK trading conditions, and many plants are now working at much reduced levels of output. The decline appears likely to continue at least until the end of the year and probably well into the first half of 1981, the directors say.

In these adverse circumstances it is necessary to concentrate increasingly on the improvement or elimination of unprofitable activities in the United Kingdom, with a consequent reduction in numbers employed likely to be of the order of 10,000 in the course of 1980.

	1980 First half £m	1979 First half £m
*Turnover	1,967.7	1,004.2
Trading surplus	78.9	92.8
Depreciation	24.3	22.1
Leaving	52.8	70.7
†Add depreciation	13.6	11.5
Invest. income & interest recelv.	1.8	1.5
Interest payable	22.0	14.8
Assoc. profits	3.6	7.6
Profit before tax	22.4	53.5
Estimated tax	20.2	21.6
Minorities	2.7	2.7
Attributable loss	0.5	‡29.2

* Excluding intra-group. † Additional for inflation. ‡ Profit.

Lex, Back Page

Distillers forecasts reduction this year

IN THE current year, results of the Distillers Company would not match those of 1979-80, Mr. Robin Cater, the chairman, told the annual meeting. Profits this time were likely to suffer from heavy de-stocking by overseas distributors and a fall in home demand, he warned.

For the year ended March 31, 1980, pre-tax profits reached £193.9m (£180.1m) on turnover of £1.01bn (£0.94bn).

In the four months to July, group export sales had dropped by slightly more than the 18.2 per cent fall experienced by the Scotch whisky industry as a whole, although this was partly a reflection of higher than average sales in the same period last year.

August figures for DCL were *only marginally* down on 1979, indicating that the worst of the storm induced by de-stocking had been weathered, but it would certainly take longer than the end of the financial year to persuade overseas distributors to rebuild their stock levels, the chairman said.

Although in some markets sales of DCL brands of whisky and gin were holding up reasonably well, others were less buoyant, one example being Japan where sales had been poor this summer.

Mr. Cater added that in the home market sales had been distorted by the large volume of clearances of spirits from bonds, ahead of the Budget in March and of the trade price increases.

But there was ample evidence that consumer demand was depressed.

The poor economic situation in the UK had also affected the company's interests outside the drinks trade and in particular the associated firm, United Glass which makes bottles, was now certain to have a singularly disappointing year.

Magnet and Southerns—Sales for the first five months of the current year were up 6 per cent compared with last time, but this was due to increased values and reflected a downturn in volume.

Profits for the same period showed a small decrease but, judged against the present serious recession, represented a very good performance.

Polymark International—If the exchange rate had not altered much by December 31, 1980, it was anticipated that profit this year would not be up to previous expectations, but in present economic circumstances the result should be satisfactory.

Ward and Goldstone—In value terms, sales since the end of March were better than those of the previous year, while exports were 29 per cent up on last year. Productivity had improved immeasurably in the past few months, and better results for the current year were forecast.

Kitchen Queen still in difficulties

THE UNHAPPY saga of Kitchen Queen continued yesterday with news of yet more losses by the troubled furniture group which is being heavily supported by its bankers.

Having already announced overall losses of £8m—including closure and disposal costs—for the six months to February 29, it said a further £1.5m would have to be provided for losses by the retailing subsidiaries which have since been sold.

Shareholders, who saw the price of their shares slide 4p yesterday to 9p, were also told by chairman Mr. Leonard Morris that the board felt justified in continuing to trade, though there would be no dividends for "some considerable time."

The tattered state of Kitchen Queen's finances was detailed in the formal document on the retail subsidiaries' sale to Manchester businessman Mr. Stephen Boler in June, the extent of bank help, and the capitalisation of loan stock held by key directors.

The net effect of the extra £1.5m provision would be to raise the deficit on net tangible assets from £1.93m to £3.43m. Instead of a surplus on shareholders' funds of £320,000 (including goodwill of £2.25m), there would be a £1.18m deficit after the capitalisation.

Kitchen Queen is concentrating most of its efforts on Moben Home Improvements, having sold the retail assets whose acquisition caused most of its problems. It is also slimming down the Di Lusso furniture manufacturing company to restore it to profitability.

"We've really got down to the bare bones," said Mr. Morris who joined Kitchen Queen through Moben which he started with Mr. Jim Bentham, also on the company's Board. "For the next few years, we'll be working for the banks."

The banks have agreed to put up £5m in medium-term loans and £2.5m of current account facilities to replace overdrafts of over £6m. But they are insisting on the loan stock capitalisation and on the achievement by Kitchen Queen of pre-tax profits of at least £2m in the financial year to August 31, 1981.

Interest paid by the company must also not exceed 50 per cent of the profits, while net assets, including goodwill, and certain ratios of assets to liabilities must not deteriorate by more than 10 per cent.

The company intends to increase its borrowing powers to take account of their current breaching by over £5.5m. The banks will also have to approve dividend payments, and capital spending will have to be kept within certain limits.

Capitalisation of the £1m of loan stock, part of the price paid when Kitchen Queen bought Moben, will give Mr. Morris, Mr. Bentham, other directors and family just over 40 per cent of the shares. The Takeover Panel has said it will not insist on a full bid being made. An EGM to approve the issue of shares in exchange for the loan stock will be held on October 10.

Changes at J. Baker (Insulation)

John Baker (Insulation) of which Mr. John Bentley has become chief executive, is proposing to raise £466,000 by way of a rights issue and a further £1.5m by way of a placing of new shares.

John Baker agreed last July to acquire Intervision Video, said to be a leading company in the pre-recorded video-tape business, for £1.35m in cash and shares. At an EGM next Monday, shareholders will be asked to approve resolution to restructure and enlarge the capital, permit completion of the Intervision agreement and change the name of the group to Intervision Video (*Holdings*).

The group proposes to divide the authorised 815,000 £1 preferred ordinary shares and the 35,000 £1 deferred shares into 10p shares. It also seeks to increase authorised capital from £850,000 to £3.05m and create 12.17m additional preferred ordinary shares and 983,000 convertible shares.

Existing shareholders would be offered 20 new preferred ordinary shares and three convertible shares for every 60 preferred ordinary of 10p held.

Also, Rowe Rudd is seeking to place 5m preferred ordinary shares at 15p a share and 750,000 7 per cent convertible redeemable cumulative preference shares of £1 each at £1 per share.

GARTON LOWER

Pre-tax profits of Garton Engineering dropped by over 20 per cent in the first half of 1980, from £430,000 to £341,000. Turnover during the period was virtually static at £6.58m, against £6.59m.

Mr. A. B. Garton, the chairman says the results for the six months should be considered against the background of the steel strike and the disruption it caused to volume steel users.

There seems little likelihood of any recovery in demand in the short term, the chairman warns. "Indications are that we may not yet have experienced the worst of the recession," he adds.

With difficult trading conditions expected to continue, the company has had to reduce overheads and manning levels while still preserving its skilled workforce intact.

The company, which manufactures precision components and fasteners is maintaining the interim dividend at 3.15p net. Last time a 3.5p final was paid from taxable profits of £836,000.

The surplus for the half year was struck before extra-credits of £330,000 (£430,000).

William Baird up £189,000

PRE-TAX profits of William Baird and Company, textile manufacturer and industrial holding and investment company, rose by £189,000 to £3.5m in the half-year to June 30, 1980. Turnover was up from £58.54m to £63.87m.

Mr. S. A. Field, the chairman, says in the first quarter there were distortions due to the steel strike and these tended to mask some of the underlying economic trends. During the second quarter the severity of the recession has become more apparent.

As of now, he says, there is little sign of any let-up, "although it is reasonable to expect that towards the year-end there will be some easing of the high level of interest rates, which has been a major factor in the depression of consumer demand."

Interest payable in the first six months increased from £848,000 to £1.06m. Central administration costs rose by £15,000 to £205,000.

After tax up from £1.06m to £1.42m, attributable profit is £2.07m (£2.24m). The interim dividend is raised from 5.25p to 5.6p and the Board intends to recommend a final dividend of not less than last year's 7p.

The operating profit improved from £4.34m to £4.75m and of this total Baird Textile Holdings contributed £2.95m (£2.41m). The profit also includes £233,000 from Wilfred Verber, acquired in July, 1979.

Mr. Field says trading conditions have been difficult, leading to larger than normal stockholding for customers. Since the end of June some easing of this situation has taken place, but pressures are likely to remain relatively severe during the remainder of the year.

• comment

The advantages of avoiding fabric manufacture are apparent from Baird's success in increasing trading margins on textiles from 6 to 6.3 per cent. The picture would look less bright after apportioning the interest charge but nevertheless the textile division is clearly holding up, thanks in part to the close connection with Marks and Spencer. Even excluding the Verber acquisition, volume has been maintained. The group's cash surplus has now been eroded and a second-half improvement must be based more on the reduction in stocks and interest rates than on higher trading profits. Baird consistently turns over stock between four and five times a year, but it may struggle to match that performance this time. Profits could still total around £8½m for the year which, on yesterday's price of 174p, suggests a fully-taxed p/e of 7. Taking Baird's own cautious view of the final dividend, the yield is 10.7 per cent.

Hestair improves by £0.4m

TAXABLE PROFITS of Hestair, the industrial group, increased from £55,000 to £453,000 for the six months to July 31, 1980, on turnover of £29.13m, against £26.76m. In the last full year, the group achieved a turnround from losses of £341,000 to £493,000 profits.

Mr. David Hargreaves, the chairman, says the half-year results represent a further modest step on the road to recovery and have been achieved against the most difficult economic environment within the board's experience.

Despite the difficulties arising from the general economic position in the UK, he says results would have been most encouraging had they not been clouded by the "extraordinary" further downturn in the farm equipment market worldwide.

As a result, losses of the farm equipment division increased and its cost base is being further reduced. Once complete, the board is confident that, even without any market improvement, there will be no further significant drain on resources.

Again no interim dividend is being recommended. Mr. Hargreaves explains that because of the difficulty in forecasting the full year's results, the board has felt it prudent to wait until the year end before determining the dividend level for the year. Last year's final was 1p net.

There is again no tax charge and earnings per 25p per share were 2.5p (0.3p)

After deducting extraordinary items of £183,000 (£204,000) there was a surplus of £270,000, compared with losses of £149,000 previously.

On the future, Mr. Hargreaves says rising unemployment is tightening the SOS Bureau market place and Christmas trading levels for consumer products are impossible to predict. Farm equipment is likely to remain weak but the vehicle division is set to continue its recovery.

• comment

The recovery at Hestair has slowed to crawl, with interim profits virtually unchanged from the second half of last year. The group's dependence on its SOS bureaux is worrying given the sharp fall in the level of reported vacancies and consequent overcapacity in the job-agency market. SOS is Hestair's cash cow with virtually no debt and first-half profits close to twice the profit of the whole group, but there should be some compensation from the vehicle division in the current period, with Dennis reaping the benefit of its double-decker bus orders. In addition, a new refuse vehicle is rapidly picking up market share. This is just as well since the losses on farm equipment will probably not be stemmed until next year, while the prospects for consumer products rest uneasily on the Christmas trade. Hestair's borrowings are running at around the same level as last year and it will do well to double interim profits for the full year. On this basis, however, the shares, at 30p, trade on a p/e of around 10 —assuming no tax but an extraordinary debit double the interim figure.

SPAIN

Sept. 18	Price %	+ or –
Banco Bilbao	241	
Banco Central	275	
Banco Exterior	214	
Banco Hispano	234	–2
Banco Ind. Cat.	120	
Banco Madrid	141	
Banco Santander	275	
Banco Urquijo	140	–2
Banco Vizcaya	262	
Banco Zaragoza	241	+e
Dragados	119	+2
Espanola Zinc	72	
Fecsa	64.5	
Gal. Preciados	35	–2
Hidrola	68.5	+0.5
Iberduero	66.5	
Petroleos	121	–1
Petroliber	89	+2
Sogefisa	107	
Telefonica	63	–1.7
Union Elect.	70	

Charles Early drops in the red at halfway

A pre-tax loss of £46,537 compared with a profit of £172,949 is reported by Charles Early and Marriott (Witney), manufacturer of Witney blankets and Warlord floor covering, for the six months August 1, 1980. Turnover advanced from £3.32m to £3.39m.

Mr. N. S. Wooding, the chairman, says trade remains difficult and is influenced by high interest rates and the strong pound. He says no forecast for the full year can be made.

There is a nil tax charge compared with £87,000 last time, and the interim dividend is maintained at 0.315p net—last year's total was 2.2122p from pre-tax profits of £418,000. Dividends absorb £18,439.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Aust. and Intl. Tst.	3	Oct. 31	2.35	4	3.35
William Baird ......int.	5.6	Jan. 6	5.25	—	12.25
Boddington's Breweries int.	1.4	—	*1.17	—	*2.5
Booker McConnell int.	1.25	Dec. 3	*1.25	—	*3.13
Brown Boveri Kent int.	Nil	—	1	—	2.2
Corinthian Hldgs. ...int.	0.75	Oct. 31	0.5	—	1.5
Croda Intnl. ....int.	1.5	Dec. 8	1.5	—	3.1
Delta Metal ....int.	1.82	Jan. 5	1.82	—	6
Garton Engineering int.	3.15	Dec. 1	3.15	—	6.65
Chas. Early, Marriott int.	0.32	Nov. 28	0.32	—	2.21
GKN ....int.	4	Nov. 12	5.84	—	19.4
G.T. Japan Inv.	3	Nov. 1	5	4	7
Harold Perry Mtrs. int.	1.5	Dec. 5	*1.5	—	*3.5
L'pool Daily Post int.	3.46	Oct. 31	3.46	—	9.5
Lon. & Holyrood Tst. int.	2	Nov. 28	‡2	—	5.5
Lon. & Prov. Tst. int.	2	Nov. 28	‡2	—	5.2
Thos. Marshall ......int.	1.2	Nov. 1	1.2	—	2.78
Rowntree Mackintosh int.	2.5	Jan. 5	2.5	—	7.25
Scot. European Inv. int.	0.4	Dec. 15	0.4	—	1.65
Second City Props.	1.6	Nov. 8	1.45	2.22	2.07
Steetley ....int.	4	Oct. 10	4	—	10.5
UDS Group ....int.	2.6	Feb. 24	2.6	—	6.21
James Wilkes ......int.	1.5	—	1.5	—	4.13

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Includes non-recurring payment of 0.4p.

Booker slides to £5.62m

DIFFICULTIES experienced in engineering and the cost of financing new investments are blamed by Mr. Michael H. Caine, chairman of Booker McConnell, international food, engineering and trading company, for a sharp reduction in pre-tax profits for the half-year to June 30, 1980.

He says there were also external factors — the steel strike, the strength of sterling, restraint on Government spending and a recession in consumer expenditure—which resulted in pre-tax profits diving from £10.89m to £5.62m. Sales rose from £306.1m to £349.3m.

But, he adds, the second half will produce substantially more profit than in the first half. It would be unreasonable, however, to expect the shortfall to be recovered.

Attributable profits were £4.4m (£9.3m).

After tax down from £3.98m to £2.02m, stated earnings per 25p share are down from a restated 4.23p to 1.88p, and the interim dividend is effectively unchanged at 1.25p—last year's total was an adjusted 3.125p.

Extraordinary items produced a surplus of £2m, resulting mainly from the sale of Williams Brothers Butchers, and on a sale/leaseback transaction, offset by the closure costs of J. and T. Lawrie and a deficit on conversion of net assets overseas into sterling.

Reviewing the first six months, he says the engineering division had a very poor year and made only a token profit. Profitability is now recovering in most of the companies and the out-turn for the second half should be much better.

The half-year results include a trading loss of £272,000 incurred by J. and T. Lawrie, which was forced to close at mid-year through lack of orders, and a further £383,000 of non-recurring costs for closures and redundancies in other businesses.

Mr. Caine says that borrowings at the end of 1980 are expected to be about £20m higher than at the end of 1979.

The historical pre-tax profits are reduced to £1.45m on a CCA basis.

● comment

Booker McConnell is looking to the food distribution business to claw back a useful proportion of the first-half shortfall but, given the usual seasonal bias in the second six months, that need not mean overmuch in terms of real recovery short term. What is more important is that the group is confident of growth next year when the IBEC acquisition will make its first contribution. The still-dominant engineering division must, however, stand a chance of a worthwhile revival. Fletcher Sutcliffe Wild is pulling in orders at a record rate as, perhaps, it should given the level of demand for coal-face equipment. Fletcher and Stewart now looks to be turning from famine to at least a reasonable diet of work in supplying sugar refinery equipment. K and T, IBEC and now the acquisition of Gallaher's wholesale food interests are designed to broaden the base but the effect has been to boost cash usage at the least opportune moment. Net debt now stands at about £50m, against £27m in the last balance sheet and the need for a high level of retentions strongly suggests the dividend (well covered last year by CCA earnings) will not be increased. The income support is no better than average at 8.6 per cent after a 2p rise to 53p yesterday.

...in £7m cash deal

Booker McConnell, the engineering and food distribution group, is acquiring the grocery and wholesaling businesses in England and Scotland of Gallaher, the tobacco, engineering and retailing concern.

Booker is paying between £7m and £8m cash for Warriner and Mason and Star Cash and Carry. The companies operate 37 cash and carry warehouses and two confectionery and tobacco delivered warehouses in England and Scotland.

Gallaher's Northern Ireland wholesale business of tobacco sales and Holmes cash and carry, and its English confectionery company Rosor, are not included in the agreement. Gallaher says that it will retain its Northern Ireland businesses where it has the geographical coverage required to achieve good results.

Funds released from the sale to Booker will be available to reinforce Gallaher's existing and future diversification programme.

Booker's new acquisitions will be operated from within its Booker Belmont wholesale cash and carry division which already has 104 cash and carry warehouses. The new deal brings the total to 141. Booker Belmont annual turnover is around £500m and that of the businesses acquired £125m.

The two confectionery and tobacco delivered trade warehouses will become part of Booker Belmont's wholesale delivered trade businesses which already operates two confectionery and tobacco depots and 42 depots servicing the catering and retail grocery trades.

Booker states that the new businesses will fit well geographically into the group. Warriner's existing head office in Birmingham will be closed after a short period, probably involving 75 to 85 redundancies.

It was also announced yesterday that Warriner and Mason had joined Distributive Marketing Services, the grocery organisation and holding company of Produce Importers (Alliance), whose labels include Mace, Maid Marian, Wavy Line and APT.

Other members joining include Danish Bacon, Meadowmarkets, Snowden and Bridge and Tobacco Sales (Northern Ireland). Existing members of the organisation include Booker Belmont and Oriel Foods.

H. Perry falls but not pessimistic

A DROP of £1.08m to £2.12m in pre-tax profits is reported by Harold Perry Motors, Ford main dealer, for the six months to June 30, 1980. Sales advanced slightly from £63.8m to £64.34m.

The interim dividend is effectively unchanged at 1.5p and Mr. J. F. Macgregor, the chairman, hopes that when results for the full year are known, the directors will recommend a final dividend to match the adjusted 2p paid last year.

He says the profit target for the second half, while taking into account the continuing general recession, is not pessimistic. The group remains protected from excessive interest costs by continuing its low borrowing requirements.

After tax down from £1.26m to £1.02m, stated earnings per 25p share are 6.1p compared with 10.5p. There was a surplus of £96,000 resulting from the disposal of property. Retained profits were lower at £930,000 (£1.62m).

● comment

The market share battle in new cars at the beginning of this year at least kept volumes up, with the result that in the first quarter H. Perry's profits fell only 11 per cent behind the preceding year's strong performance. But the after-effects came home to roost in the second quarter, when pre-tax profits fell to £768,000. Perry is fortunate in its low gearing and diversification into other motor-related businesses. Despite a fall in hire profits, strength on servicing helped activities outside the new vehicle sales to chip in 57 per cent of first-half profits this year, 10 per cent higher than in 1979. Perry is the country's largest Ford main dealer and Ford remains 2½ points ahead of 1979 in terms of market share for the first eight months, but 1½ points behind for August itself. For the full year, perhaps £3.5m to £4m pre-tax is in sight. The shares moved up 8p to 71p, where they would yield over 7 per cent assuming an adjusted maintained final, with a prospective fully-taxed p/e at the top of the range of 6.5.

LONDON TRADED OPTIONS

Option	Ex'rcise price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP	330	39	1	62	—	78	—	361p
BP	360	17	—	38	34	58	—	"
Com. Union	140	40	2	44	—	48	—	180p
Cons. Gold	460	165	2	166	—	—	—	611p
Cons. Gold	500	115	3	136	—	158	—	"
Cons. Gold	550	65	6	96	14	123	—	"
Cons. Gold	600	36	33	75	61	100	6	"
Courtaulds	70	6	—	6	—	6	7	61p
Courtaulds	80	1	—	2½	6	—	—	"
GEC	460	88	10	115	—	130	—	538p
GEC	500	58	8	80	51	100	—	"
GEC	550	16	53	47	66	70	—	"
Grand Met.	140	18	9	28	—	32	—	156p
Grand Met.	180	1½	—	6½	—	12	3	"
ICI	330	36	12	54	—	62	—	358p
ICI	360	16½	16	32	—	40	—	"
ICI	390	3	—	16	8	26	—	"
Land Secs.	355	48	2	65	—	—	—	392p
Land Secs.	420	6	—	23	13	41	—	"
Marks & Sp.	80	30	1	32½	—	—	—	108p
Shell	390	30	2	50	—	64	—	417p
Shell	420	15	87	34	4	46	—	"
Shell	460	3	—	16	—	32	—	"
Totals			182		244		16	
		November		February		May		
Imperial Gp.	70	15½	3	17	—	—	—	80p
Imperial Gp.	80	5½	6	10	—	12½	—	"
Imperial Gp.	90	1½	—	6½	—	7	1	"
Lonrho	104	9½	86	14½	—	—	—	106p
Lonrho	114	4½	4	9½	—	—	—	"
P. & O.	130	7	—	10	6	16	1	137p
P. & O.	140	3½	—	6½	—	11	6	"
Racal Elec.	240	101	1	—	—	—	—	330p
Racal Elec.	280	61	10	77	—	89	—	"
Racal Elec.	300	44	6	62	—	74	—	"
Racal Elec.	330	23	8	46	3	56	—	"
Racal Elec.	360	10	9	26	—	41	—	"
RTZ	500	20	43	50	6	63	10	476p
Totals			177		16		14	

Interest costs hit Rowntree

INCREASED interest charges of £6.62m, compared with £2.82m, and depreciation over £1m higher at £6.67m have bitten deeply into Rowntree Mackintosh's taxable profits which tumbled from £9.3m to £4.3m in the first 24 weeks of 1980.

The chairman, Sir Donald Barron, said that trading conditions in the first half were difficult. But the company maintained its commitment to the development of its business both at home and overseas.

Sir Donald says it is not possible to make a meaningful forecast of the results for the full year as these will depend importantly on patterns of consumer spending and retailer confidence, which are not yet clear.

Interest and currency rates will also have an effect on earnings, he warns, and trading margins will continue to be under some pressure for the remainder of this year owing to the competitive situation which has developed.

But he is confident that the expenditure on productivity and increased capacity is fully justified by planned market developments, by the strength of the company's brands and by the potential for profitable volume growth in less unfavourable economic conditions.

Sales of this manufacturer of chocolate and sugar confectionery and grocery products stood up well to the affects of the world-wide recession in the 24 weeks and, compared with the first half of 1979, rose by 6 per cent from £249m to £264.3m. Sales volume, however, was some 4 per cent lower.

Total non-UK sales volume contributed by the company's European, overseas and export divisions was the same as last year. But the UK confectionery sales volume was down by 6 per cent—mainly as a result of the substantial increase in VAT in July, 1979. The company says there was also significant trade de-stocking which no doubt reflected this factor, plus high interest rates and views about the effects of the recession on consumer spending.

After a tax charge down from £1.13m to £850,000 in the half year, stated earnings per 50p share show a drop from 7.2p to 2.8p.

The interim dividend, which absorbs a same-again £2.7m, is maintained at 2.5p net. Last year a final of 4.75p was paid from taxable profits down from 1978's £45.07m to £40.43m.

Attributable profit fell back sharply from £7.78m to £3.12m after minorities of £330,000, against £400,000.

Generally, the company's market share continued to increase in all its major markets during the half year. Exports contributed a particularly good performance and increased the company's share of the total UK confectionery exports to a new record.

However, margins were lower than in recent years reflecting both the highly-competitive situation and the high sterling exchange rate. These factors affected the results of the European operations.

The company has maintained its investment in fixed assets. By the end of 1980, it will have spent some £130m over three years. In the short term, the chairman says, the effect on earnings of this development expenditure is reflected in higher depreciation and interest charges.

No share of the profits of associated companies has been included in the interim figures. An appropriate proportion of the full-year results will be included in the annual accounts.

Extraordinary items will arise in the year, consisting principally of adjustments on translations of overseas net assets into sterling. At June 14, 1980, these items would have amounted to a total debit of £1.3m.

Lex Back Page

Croda profits down at mid-year

INCLUDING THE effects of a £1.7m loss in the food ingredients side, mainly attributable to continued poor trading in gelatin and animal by-products, trading profits of Croda International, chemical processing group, fell by 25 per cent to £6.53m for the first half of 1980, compared with £8.73m last time.

Reflecting the present high cost of borrowing, interest charge for the period jumped from £1.44m to £3.03m, which left pre-tax profits showing a reduction of some 50 per cent from £7.63m to £3.78m.

While the value of sales rose 8 per cent to £138.68m in the first half, sales volume and margins have been adversely affected by current economic conditions.

Sir Frederick Wood, the chairman, states that although prospects for the second six months are not encouraging, the interim dividend is being kept at 1.5p net—last year's total payment was 3.1p on taxable profits of £14.74m.

Earnings per 10p share for the half year were down at 2.71p (5.1p) basic and at 2.47p (4.6p) fully diluted.

Sir Frederick says that like most UK based chemical manufacturing companies, Croda has been severely affected by the steep rise in energy prices.

Croda continues to press the case at national level for some alleviation of this situation and in its manufacturing plants considerable efforts are being made for saving in energy consumption.

In the UK, organic chemicals and paints showed marked profit improvements while other parts of the group reacted as might be expected to the effects of the steel strike and the recession generally.

Overseas activities also improved despite a setback in the U.S. inks market.

While exports increased in sterling terms by some 12 per cent, the strong pound is hitting Croda due to foreign producers entering home markets at prices which it cannot profitably match.

● comment

Over and above the chemical industry's broad problems, Croda is still particularly troubled by its gelatin division. Small in overall turnover terms, gelatin was largely responsible for the £1.7m loss in the food products division but there may be a case for believing that these difficulties are coming to an end. Croda still says that the target of a return to gelatin break-even by the fourth quarter can be achieved following the first tranche of closures at the Widnes plant last April. These benefits are now coming through and a further cutback last month, involving another 120 redundancies, should consolidate Croda's position in the pharmaceutical and photographic markets as edible gelatin production is eliminated. Elsewhere, the second half should show some recovery from the steel-strike-affected first six months and the group maintains that volumes need not be affected here even if BSC is forced to accept a limited role of a specialist producer. Paint moreover is growing quickly and may make some £3m before tax and interest this year against £2.5m and the organic chemicals division, powered by paracresol, is up by 5-10 per cent on 1979 recovery levels. The outlook is certainly dull but the interim dividend is apparently just about covered on a current cost basis and an historic yield of 13 per cent at 35p, up ½p yesterday, seems safe enough.

Steetley down 9% in first half year but holds interim

HIGH interest rates and financing costs of the Gibbons Dudley and U.S. acquisitions have resulted in a 9 per cent drop in first half pre-tax profits of the Steetley Co., from £9.84m to £8.98m.

UK results were seriously depressed by the steel strike and its effects, costing some £4.5m in lost profits in the half year. Cost reduction programmes have been introduced to help offset the general downturn in trade.

Stated earnings per share are down from 15.41p to 10.19p but the interim dividend is maintained at 4p — last year's total was 10.5p from pre-tax profits of £23.51m.

During the period export sales of £21m were made compared with £13m in the corresponding half of 1979, although the strength of sterling inevitably narrowed margins. The performance of Gibbons Dudley has been in line with projections made at the time of the merger.

Overseas results were 24 per cent higher than in the same period last year with good improvements in the French minerals operations and in Australia. High costs continue to affect the joint magnesia operations in Sardinia which made a loss.

The performance of U.S. acquisitions suffered from the recession in the economy and the expected level of profitability was not achieved.

Capital expenditure in the first half of 1980 amounted to £10.8m, mostly in the UK and U.S.

	First half-year 1980 £000	1979 £000
External sales	178,329	133,397
Trading surplus	18,668	15,674
Depreciation	5,926	4,135
Interest payable	3,749	1,697
Surplus before tax	8,983	9,842
U.K. tax	1,922	1,852
Overseas tax	1,160	869
Minorities	249	46
Attributable	5,652	7,075
Dividends	2,217	1,773

Principal activities of the group are minerals extraction and processing, production of construction materials, refractories and chemicals, plant engineering and the distribution of chemicals and industrial and electrical supplies.

● comment

Steetley's hopes for a substantial increase in profit this year faded as the effects of the steel strike proved more severe than expected. The rate of steel production in the UK is less than half what the group forecast a year ago and dolomite and refractory sales have been hard hit. The construction materials operations have been dented by the recession, although last autumn's acquisition, Gibbons Dudley, is said to be performing at least in line with projections. French, Canadian and Australian operations have been strong. The interest charge jumped 70 per cent from the second half of last year, mainly because of acquisitions, but borrowings are unlikely to be reduced from the 44 per cent of shareholders' funds at the last balance sheet. Steetley will be hard pushed to match last year's £23.5m profit and it might be prudent to expect a little less, say £21m. The shares dropped 6p to 188p yesterday but still trade at 10.6 times prospective earnings and yield, on a maintained final, a little more than 8 per cent.

AUSTRALIAN & INTL. TRUST

Gross revenue of Australian and International Trust improved from £401,180 to £534,774 in the year ended July 31, 1980. The net total dividend is being raised from 3.35p to 4p with a final of 3p.

Net revenue amounted to £265,035, against £208,046, after tax of £219,992 (£155,447). Stated earnings per 50p share are 4.42p compared with 3.47p.

The Rio Tinto-Zinc Corporation Limited

Report for the half-year ended 30 June 1980

The directors of The Rio Tinto-Zinc Corporation Limited announce that the unaudited net profit attributable to RTZ shareholders before extraordinary items for the first six months of 1980 was £89.7 million (35.57p per ordinary share), an increase of £28.1 million (11.13p per ordinary share) over net profit for the corresponding period of 1979. The main areas contributing to the improvement in net attributable profit were the Group's copper operations, and Hamersley Iron and Rossing Uranium. The Group subsidiaries in Zimbabwe, which were not consolidated in 1979, made a small contribution to net attributable profit for the first half of 1980.

Rights Issue of Convertible Unsecured Loan Stock

The directors have announced separately their intention to issue at par £126 million of 9½ per cent convertible unsecured loan stock 1995/2000 by way of a rights offer to holders of RTZ ordinary and accumulating ordinary shares in the proportion of £1 nominal of convertible stock for every 2 shares held. Documents relating to the issue will be mailed to shareholders on 22 September 1980.

Summary

Sales revenue in the first six months of 1980 amounted to £1,453.0 million, an increase of approximately 24 per cent over the comparable period in 1979. The exchange rates for the pound sterling used to translate the sales of overseas subsidiaries were higher in most instances than a year ago and this restricted the extent of the improvement by around 4 per cent. The increase in sales was mainly due to generally higher average metal prices, particularly for copper and precious metals, although LME prices for lead were significantly lower than a year ago. Approximately one quarter of the increase in sales revenue was contributed by new subsidiaries and by subsidiaries which were not consolidated in the 1979 accounts. These included the companies acquired by CRA during the early part of 1980 and Group subsidiaries in Zimbabwe.

A major part of the improvement in metal prices occurred during the first three months of the year when market conditions were exceptionally buoyant. During February the LME price for copper reached a peak of £1,375 per tonne but by June it had fallen to £835 per tonne. The average copper price for the first half of 1980 was £1,029 per tonne compared with £938 per tonne for the same period in 1979. Gold prices, which averaged US$590 per ounce for the period, were more than twice those for the first half of 1979 having reached a record high of US$846 per ounce in January 1980.

Due principally to the good results achieved during the earlier part of the period, Group profit before tax amounted to £295.2 million for the first six months of 1980, an improvement of £95.9 million, or nearly 50 per cent, over the corresponding period of 1979.

After deducting tax and the amount attributable to outside shareholders, net profit attributable to RTZ shareholders for the first half of 1980 was £89.7 million (35.57p per ordinary share), an improvement of £28.1 million (11.13p per ordinary share) over net profit for the corresponding period in 1979. The improvement would have been approximately £3 million greater but for the higher value for the pound sterling at the half-year used to translate the results of the Group's overseas subsidiaries compared with the value a year ago.

Contribution to RTZ's net attributable earnings from its principal activities

Sales by the CRA group showed an increase of over 40 per cent compared with the first six months of 1979, part of which was due to the inclusion of subsidiaries newly acquired under the arrangements with BH South, North Broken Hill Holdings and Western Mining Corporation in the early part of 1980. Hamersley Iron's sales were also significantly higher than in 1979 when shipments were adversely affected by an industrial dispute.

The contribution to RTZ's net earnings from CRA was about 20 per cent higher than a year ago notwithstanding the decrease in RTZ's beneficial interest from 68.2 per cent in 1979 to 61.1 per cent in 1980. Within the CRA group, the main contributor to the improvement in net profit was Hamersley Iron which increased its ore shipments by over 40 per cent compared with 1979. Selling prices were also higher. In Bougainville Copper the benefit of the higher prices for copper and gold was largely offset by lower ore grades which resulted in a significant decrease in production. Costs were higher in 1980 due mainly to the increase in fuel costs and the additional charge for depreciation following the revaluation of assets. Net profit was broadly the same as the first half of 1979. AM&S' net profit for the first half of 1980 was lower than in the same period in 1979, the exceptional profits from silver and the contributions made by the newly acquired operations being insufficient to offset the effect of the lower lead prices and increased costs. Production at the Broken Hill mines and at BHAS was below 1979 levels, but output at the zinc smelters and at the Woodlawn mines joint venture was increased.

Rio Algom achieved increased sales and net profit compared with the first six months of 1979. Sales of uranium were higher, though the contribution to net profit was lower due to increased costs. Sales and net profit from steel and Atlas Alloys were significantly above 1979 levels, the operations at Tracy having been adversely affected by a strike for the greater part of 1979.

Lornex's copper and molybdenum operations achieved increased sales and profits, mainly due to higher metal prices.

Aluminium and the metal trading activities also increased their sales and net profits as a result of the buoyant market conditions for aluminium in the first quarter of the year. RTZ's share of Rio Tinto Minera's earnings showed a useful improvement over the first half of 1979 due mainly to higher prices for gold, silver and copper.

Outlook

Price levels for a number of the metals in which the RTZ Group is interested are currently below average prices realised in the first half of the year, the principal exception being gold. In the climate of the present world economic recession, the prospect of any significant improvement in metal prices and margins on other products in the short term is not particularly encouraging. However, with its wide geographical spread and broad range of activities and products, the Group is well placed to take advantage of improvements in world trading conditions.

(£ millions)	First Half 1980	First Half 1979	Year 1979
Group sales revenue	1,453.0	1,171.3	2,516.6
Group operating profit	283.3	196.7	449.0
Share of profits of associated companies	22.1	15.9	34.8
Dividends and interest receivable	30.6	16.1	36.7
	336.0	228.7	520.5
Deduct: Interest payable	40.8	29.4	67.8
Group profit before tax	295.2	199.3	452.7
Deduct: Tax	129.2	86.1	186.5
Group profit after tax	166.0	113.2	266.2
Deduct: Attributable to outside shareholders	76.3	51.6	116.4
Net profit attributable to RTZ shareholders	£89.7m	£61.6m	£149.8m
Earnings per ordinary share	35.57p	24.44p	59.42p
Dividends: Preference	0.2	0.2	0.4
Ordinary—Interim	13.4	10.9	10.9
—*Final*	—	—	25.6
	£13.6m	£11.1m	£36.9m
Declared per 25p ordinary share	6.50p	4.60p	15.00p
Gross equivalent to UK shareholders	7.86p	6.43p	21.43p

Notes:

(1) The results of overseas operations have been translated from foreign currencies into sterling at the quoted rates of exchange ruling at the accounting dates.

(2) The amount shown for the 1980 interim ordinary dividend is calculated in relation to the ordinary shares currently in issue and no amount is included for any issues of accumulating ordinary shares allotted to holders of accumulating ordinary shares in lieu of dividend. If all accumulating ordinary shares are converted to ordinary shares, the cost of the 1980 interim dividend will be £13.9 million.

(3) The results of certain overseas subsidiaries have been adjusted for differences in accounting practices. The effect has been to increase RTZ's net attributable profit for the first half of 1980 by £2.0 million compared with the amount derived from the published results of the subsidiaries concerned. The corresponding adjustments for the first half of 1979 and the year 1979 were an increase of £1.8 million and a decrease of £0.3 million respectively.

(4) The first presentation of current cost information for the RTZ Group will be in the annual report and accounts for 1980.

The increase in copper prices together with higher prices for precious metals enabled Palabora to increase its sales and net profit.

Rossing Uranium's sales revenue and net profit were significantly above the levels of the first half of 1979. This was due largely to an increase in sales volume together with an improvement in contract selling prices. Costs, however, were slightly higher than a year ago.

RTZ Borax increased its sales revenue, the improvement achieved by all product lines in the borax operations being more than sufficient to offset the fall in sales from the UK chemical companies. Net profit was higher than for the first half of 1979 despite a lower profit from chemicals.

RTZ Industries' net profit in the first half of 1980 was lower than in the corresponding period in 1979 in spite of an increase in sales. This was mainly due to a decrease in profit in North America where operations were adversely affected by the recession which was particularly severe in the residential construction sector. Sales and net profit in the UK were higher than in 1979 notwithstanding the increasingly difficult market situation being faced by most subsidiaries and higher interest charges.

Higher oil prices, partly offset by lower production from the Argyll Field, enabled RTZ Oil and Gas to improve its sales and net profit compared with a year ago, and Anglesey

Anti-trust proceedings

A private civil anti-trust action in relation to uranium marketing was brought in 1976 in the United States by Westinghouse Electric Corporation ("Westinghouse") against twenty-nine companies (including RTZ and six other Group companies) and three similar actions were brought in 1977 by the Tennessee Valley Authority ("TVA") against a total of thirteen companies (including RTZ and three other Group companies). It is expected that very heavy damages will be asserted in these actions, which are likely to continue for some time. Rio Tinto-Zinc Corporation of America (a US subsidiary of RTZ Borax Limited) was named in the Westinghouse action but has since been dismissed from those proceedings; Rio Algom Corporation (a US subsidiary of Rio Algom Limited) is an appearing defendant in both actions. RTZ and other Group companies concerned are not appearing in either the Westinghouse or TVA actions on grounds that the US courts do not have jurisdiction over them. In Canada Rio Algom has brought two actions, one against TVA claiming damages of Can$600 million and one against both Westinghouse and TVA claiming damages of Can$1,600 million.

In the Westinghouse action in the United States a default judgment on issues of liability was entered in January 1979 by a District Court against all the non-appearing defendants (including RTZ and four other non-US Group companies) on the basis of their non-appearance in the proceedings. Later in January 1979 the District Court entered a preliminary injunction purporting to restrain the direct or indirect transfer, withdrawal or divestiture of United States assets by all non-appearing defendants. The default judgment and preliminary injunction were confirmed by the Seventh Circuit Court of Appeals in February 1980. However the Court of Appeals ruled that Westinghouse could not proceed with any hearing on damages against the non-appearing defendants until after the trial of the merits of its liability case (currently scheduled for September 1981) against the appearing defendants, except on conditions that Westinghouse has stated it will not accept.

In the first half of 1980 the US subsidiaries of RTZ Borax Limited earned profits equivalent to £11.3 million after tax (first half of 1979—£11.9 million; year 1979—£24.6 million). In view of their uncertainty as to whether the preliminary injunction entered in January 1979 in the Westinghouse proceedings could be alleged to prohibit any payment or transfer to RTZ derived from dividends paid by the US subsidiaries of RTZ Borax Limited, those companies have refrained from declaring dividends which might pass through to RTZ, even though RTZ's view on the basis of legal advice received is that no infringement of the injunction would result from payment of such dividends.

RTZ and the Group companies concerned in the US anti-trust actions deny liability. Legal expenses are being charged against revenue as incurred but no further provision has been made. Having regard to the relevant facts and legal advice received, RTZ does not consider that the resolution of these proceedings will adversely affect the Group to a significant extent.

Dividends

The directors have declared a dividend of 1.6625p per share on the 3.325 per cent 'A' cumulative preference shares of the company and a dividend of 1.75p per share on the 3.5 per cent 'B' cumulative preference shares of the company both in respect of the half-year to 31 December 1980. These dividends will be paid on 2 January 1981 to holders on the London and Melbourne registers as at close of business on 28 November 1980 and to holders of share warrants to bearer representing 3.5 per cent 'B' cumulative preference shares on or after 2 January 1981 after presentation of coupon number 37.

The directors have declared an interim dividend of 5.50p per share in respect of the year to 31 December 1980 on the ordinary share capital of the company, compared with 4.60p per share for 1979. The directors expect, in the absence of unforeseen circumstances, to recommend a final dividend for 1980 of not less than that paid for 1979 (10.50p per share).

The interim dividend on the ordinary shares will be paid on 2 January 1981 to holders on the London and Melbourne registers as at close of business on 28 November 1980 and to holders of share warrants to bearer on or after 2 January 1981 after presentation of coupon number 41. In the case of holders of ordinary shares and 'A' cumulative preference shares on the Melbourne register, payment of the foregoing dividends will be made in Australian currency at the rate of exchange ruling on 2 December 1980.

The dividends on the ordinary and preference shares will be paid without deduction of income tax and will carry a tax credit. This credit will be available principally to United Kingdom resident shareholders and also to certain shareholders resident outside the United Kingdom. The interim ordinary dividend for 1980 after adding the tax credit will be equivalent to a gross dividend of 7.86p per share (compared with 6.43p per share for the interim for 1979).

Accumulating ordinary shares

Holders of accumulating ordinary shares will receive on 2 January 1981 a further allotment of accumulating ordinary shares, credited as fully paid, on the basis of 0.011433 of a new share for every share held at the close of business on 28 November 1980. Fractions of less than one half of a share will be eliminated and fractions of one half of a share or more will be rounded up to one whole share. Holders of accumulating ordinary shares will also receive a dividend of 0.1p per share.

By order of the Board D. A. Streatfeild Secretary

6 St. James's Square
London SW1Y 4LD.
17 September 1980.

Printed copies of the report are available on request from the company's transfer office, 1 Redcliff Street, Bristol BS1 6NT

RTZ

GOLD FIELDS 1980

'Gold Fields achieved another year of record earnings in real terms. All the major segments of the Group's business again contributed to this improvement.'

Extract from the forthcoming Annual Report

Highlights of a record year

		1980	1979	Increase %
Dividends payable	p	22.5	13.5	67
Historical accounting basis:				
Earnings per share	p	60.5	38.1	59
Profit before interest and taxation	£m	159.7	105.7	51
Closing total funds employed	£m	584.8	538.9	9
Return on funds employed	%	27.3	19.6	
Current cost accounting basis:				
Earnings per share	p	38.3	19.9	92

COMPANY PROFILE

Consolidated Gold Fields is a natural resource company, mining raw materials and adding value to them.

Our main product has always been gold. During the 1970's we became a leader in certain markets for construction materials. For the 1980's we have taken strategic positions in a small number of additional resource-related products.

Our customers are industry and government. We sell very little to the final consumer.

Our major strength lies in the ownership of minerals, the skills needed to discover and evaluate them and the ability to process and market them effectively.

Our corporate aim is an above-average rate of increase in dividends, arising from a balanced and increasing stream of earnings.

SUMMARY OF RESULTS AND DIVIDEND PROPOSED

For the year to 30 June, 1980, Gold Fields again achieved record earnings, which at £159.7 million before interest and taxation (an increase of 51%) substantially outpaced inflation. Earnings per share on an historical basis rose 59% to 60.5p per share; on a current cost basis earnings per share rose 92% to 38.3p.

All the major segments of the Group's business contributed to this improvement. It was achieved by higher returns on capital and some redeployment of Group assers.

The Directors will recommend a final dividend of 15p per share, bringing the total dividend for the year to 22.5p per share (an increase of 67%).

GROUP PROFIT AND LOSS ACCOUNT

	1980 £ million	1979 £ millioo	Increase %
Profit before interest and taxation			
Construction materials	42.0	34.2	23
Manufacturing and commercial	28.8	21.5	34
Mining			
Operations of subsidiary companies	20.9	8.5	146
Share of profit of Gold Fields of South Africa	32.9	17.2	91
Gold dividends from direct holdings in mines	21.4	11.3	89
Financial			
Realisaoon of investments, non-gold dividends and interest receivable — net of charges	13.7	13.0	5
	159.7	105.7	51
Interest payable	17.8	17.4	
Profit before taxation	141.9	88.3	
Taxation	38.8	24.5	
Profit after taxation	103.1	63.8	62
Attributable to minority interests	13.2	7.6	
Attributable to the members of Consolidated Gold Fields Limited	89.9	56.2	60
Dividends (including proposed final)	33.6	20.0	
Retained	56.3	36.2	
	89.9	56.2	
Earnings per share (based on the average issued share capital)	60.50p	38.12p	

PROFIT BEFORE INTEREST AND TAXATION

The principal factors in the increase of £54 million were:-

(a) Construction materials — increase £7.8 million

Although there was little growth in the U.K. market for construction materials, Amey Roadstone substantially increased its profit from aggregates, Premix concrete and road surfacing materials. This increase was reduced by lower profits from concrete pipes and losses on contracting in the U.K. In the U.S.A., profits from concrete pipe operations were maintained despite the recession.

(b) Manufacturing and Commerical — increase £7.3 million

The U.S. recession reduced Azcon's profits from steel distribution, but higher earnings were achieved from the manufacture and distribution of equipment and parts for energy related industries and from steel production and fabrication.

The strength of sterling adversely affected margins on exports of beer dispensing equipment by Alumasc, but overall the company's profits were somewhat higher than for 1979.

Previous year's losses on shipping activities were eliminated.

(c) Mining (Operations of Subsidiary Companies) — increase £12.4 million

The largest contributor to this sector continued to be tin mining at Renison in Tasmania, which benefitted from the increased tin price. Also in Australia, profits from copper mining and mineral sands showed substantial increases, but iron-ore operations were adversely affected by cyclones.

The previous year's profits were reduced by development losses in North America which were eliminated during 1980.

(d) Mining (Gold dividends and GFSA) — increase £25.8 million

This substantial rise was largely due to the higher gold price. West Driefontein, East Driefontein and Kloof continued to be the three lowest cost gold mines in operation in South Africa.

GROUP BALANCE SHEET

	1980 £ million	1979 £ million
Assets employed		
Fixed assets	249.7	218.2
Goodwill	14.7	12.0
*Associated companies	84.0	64.1
*Investments	52.7	59.7
Net current assets	118.6	126.4
	519.7	480.4
Financed by		
Issued capital	37.3	37.0
Reserves	354.5	305.6
	391.8	342.6
Minority interests	36.6	30.3
Loan capital	84.5	102.9
Deferred taxation	6.8	4.6
	519.7	480.4
*The excess of the Stock Exchange value of the listed investments, and of the investments in the listed associated companies, over their book values included above was	480.5	223.9

CURRENT COST PROFIT AND LOSS ACCOUNT

		1980 £ million		1979 £ million
Profit before interest and taxation		160		106
Current cost adjustments:				
Cost of sales	10		9	
Monetary working capital	4		5	
Depreciation and disposals	29	43	22	36
		117		70
Interest payable	18		17	
Gearing adjustment	5	13	5	12
Current cost profit before taxation		104		58
Taxation		39		25
Current cost profit after taxation		65		33
Attributable to minority interests		8		4
Current cost profit attributable to the members of Consolidated Gold Fields Limited		57		29
Current cost earnings per share (Increase 92%)		38.3p		19.9p

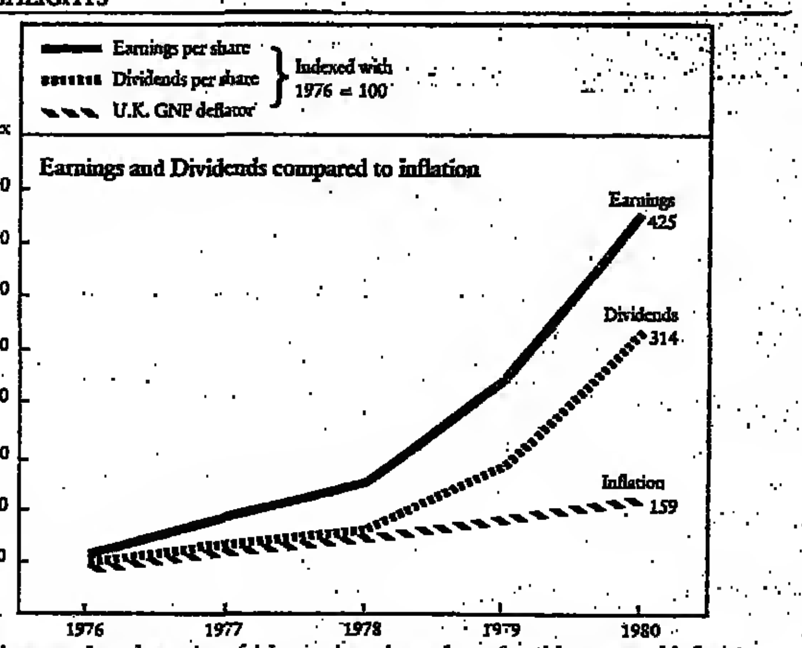
FORTHCOMING EVENTS

The Report and Accounts will be posted on 30 September 1980. The Annual General Meeting will be held at the Dorchester Hotel, Park Lane, London, W.1. oo Wednesday, 12 November 1980 at 11.30 a.m. and, subject to approval of the proposed final dividend at this meeting, the following arrangements with regard to payment will be made:

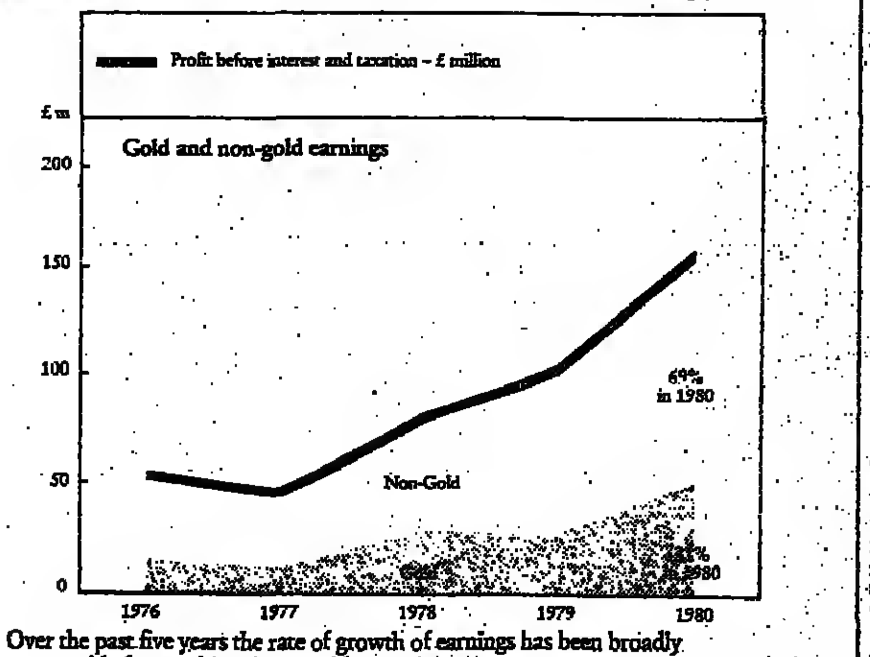
The dividend will be payable on 25 November 1980 to holders of Ordinary shares registered in the books of the Company at the close of business on 17 October 1980 and to holders of Coupoo No. 128 detached from Ordinary Share Warrants to Bearer.

Dividend Warrants will be posted to registered shareholders on 24 November 1980.

HIGHLIGHTS



Earnings per share have risen fairly consistently, and comfortably outpaced inflation. After the end of dividend restraint, dividends per share have been increased substantially.



Over the past five years the rate of growth of earnings has been broadly comparable from gold and non-gold operations.

By Order of the Board,
P. E. G. ROE
Secretary
17 September 1980

Please send me a copy of your Annual Report.

The Registrar, Consolidated Gold Fields Limited, Lloyds Bank Limited, Registrar's Department, Goring-by-Sea, Worthing, West Sussex BN12 6DA.

NAME

ADDRESS

Consolidated Gold Fields Limited

BIDS AND DEALS

T. Cowie removes three George Ewer directors

T. Cowie, the Sunderland motor dealer, yesterday succeeded in removing three directors from the board of George Ewer and Co., the Grey Green coach and motor dealing company which it acquired earlier this year after a prolonged bid battle.

The removal of Mr. Henry Ewer, Mr. David Ewer and Mr. Anthony Vincent, whose service agreemeots were terminated by Cowie last month, came at an extraordinary general meeting called by Cowie in Sunderland yesterday.

Their removal from the Ewer board followed an emotional speech by Mr. Henry Ewer in which he defended his record as chairman of Ewer and Co., and said the treatment meted out to him by Cowie was "a poor reward for the effort." Mr. Ewer said he bad not even been able to say goodbye to his friends.

The three former directors of Ewer said that during an "enforced leave of absence" from the company, a Board meeting was held when their service contracts were terminated "without notice or compensation."

At the heart of the row between the Cowie group and the Ewer directors is the purchase by Ewer shortly before the Cowie takeover of Eastern Tractors for £1.3m in shares.

Mr. Hanry Ewer said at yesterday's meeting that he was confident the purchase would "make a significant contribution to profits." But after the meeting Mr. Tom Cowie, chairman of T. Cowie, said he did not believe the purchase was a good one, bearing in mind the state of the agricultural machinery market.

Now the three dismissed directors are pursuing a legal action for the recovery of cash which they say they are owed by Cowie following their ultimate acceptance of the Cowie takeover, and are instituting another for "unfair and unlawful" dismissal.

Cowie yesterday confirmed that the payment of the cash coosideration due to the former directors in respect of their boldings in Ewer has been withheld and the money had ben put on deposit in a specially designated account.

Cowie said that this action was taken on the advice of leading counsel as being appropriate in the context of impending legal proceedings against the former directors of Ewer arising from Ewer's acquisition of Eastern Tractors. This move by Cowie has the full backing of Samuel Montagu and Co., Cowie's advisers.

JFB-Amal. Industrial deal query

Amalgamated Industrials' attempt to sell some of its subsidiaries to Johnson and Firth Brown seems to have come unstuck. Amalgamated said yesterday that action had been taken to set asida the contract which gava JFB an option to buy the assets.

Under the deal, JFB was granted an option to acquire Everbright Fasteners, Lion Steel Equipment, Gills Pressure Casting, and Stainless and Alloy Steels up to the end of next January. As payment, JFB would transfer £250,000 of 12 per cent unsecured loan stock 1999 from Richard Garrett Engineering to Amalgamated Industrials.

Yesterday, however, Amalgamated said it had taken legal advice on the contract entered into with JFB io July. With Amalgamated having moved to void the deal, JFB has also repudiated the contract.

Amalgamated said it accepted this repudiation, claiming diately before the conflict, a restoration to its position immedeclaration that it is void or has been voided or repudiated, damages and certain interlocutory relief. Amalgamated said it had issued instructions to its solicitors to start legal proceedings.

RAY TRADING/ WILLIAM PICKLES

The further abares purchased by Ray Trading Inc. (Switzerland) in the capital of William Pickles and Company, the Manchester textile manufacturer, came from family holdings.

Ray Trading, which has held a stake in the company for about five years, announced on Wednesday that its holding of the ordinary voting shares had gone up by 463,974 to 1,571,474, or from 16.2 per cent to 22.91 per cent; and the "A" shareholding by 807,974 to 1,964,974, or from 5.13 per cent to 8.71 per cent.

The company announced yesterday that Mrs. H. Pickles and others had disposed of 320,977 ordinary shares and 709,597 "A" shares being their entire holdings. Also Mr. H. Halstead and others have disposed of 98,379 "A" shares and 142,997 ordinary shares, also their entire holdings.

JOHN BRIGHT PREF. STOCK OFFER

James Sharpe and Company on behalf of Largs, are prepared to bid through the market 51½p for John Bright Group's 5¼ per cent cumulative £1 preference shares. The bid is subject to normal market expenses.

Agreement in principle has been reached with a number of institutional holders of the stock. The offer will remain open until October 28.

Mr. Ross sells Stroud Riley stake

Mr. Harvey Ross, the Yorkshire gold investment and coin dealer, has sold his 18.6 per cent holding in Stroud Riley Drummond, the Bradford textile group. The 653,938 shares, which were sold on Monday at a price in excess of 41p, went to 36 predominantly institutional investors.

Mr. Ross said yesterday that he sold the shares as he realised it would be difficult for him to obtain a controlling interest in the company. Mr. Stefan Simmonds, the Stroud managing director, and the Stroud family together control around 60 per cent of the shares.

Mr. Ross said he had heen approached by a oumher of interested parties ahout his shares, an attractiva offer was made and he decided to accept it. He said that something more attractive might come up in his other ventures and added that his company, Harvey Michael Investments, was looking at two or three other public companies with a view to acquiring an interest.

He announced that H.M.I. was diversifying into natural resources and bad formed two companies, Ross Oil and Ross Oil adn Resources, which would also provide finance in companies connected with oatural resources, mainly in Northern England.

Mr. Simmonds, who through his Simco Supermarkets holds 29.7 per cent of Stroud, said yesterday that a lot of interest in the shares had heen generated by Mr. Ross's shares purchases over the past months. Ha said he was more concerned with running the business than speculating in shares and said be had no plans to make a full bid for tha company.

He said the textile industry was facing a difficult time but he was attempting to put the company on a batter footing and was sure he had found the right way.

After a £62,000 loss (£406,000) in 1979/80 the company was looking for better trading in the current year.

ESPERANZA/RIT/ GUINNESS PEAT

Discussions have been taking place for a oumber of months betweeo RIT and Guinness Peat about the relationship of RIT and Guinoess Peat as the twa major shareholders in Esperanza.

The two shareholders have formally decided to end their agreement, dating from 1970 when RIT originally acquired its interest in Esperanza, to act together as shareholders of the company. RIT has also agreed to acquire 1,451,473 ordinary of Esperanza from Guinness Peat at a price of 145p xd per share, which will increase RIT's holding in Esperanza from 17.2 per cent to 29.5 per cent. Guinness Peat will accordingly reduce its holding from 21.3 per cent to 9 per cent and has stated that it is its preseot intention to continoa to hold its interest at that level.

Esperanza has been informed of bese deciisons and Lord Kissin, chairman of Esperanza, has invited Mr. Jacob Rothschild to return as a member of the board of Asperanza as a representative of RIT.

'More than one' approach for Marler Estates

Marler Estates, tha property developmeot company whose share price has risen 2½ times in the past five weeks, yesterday confirmed that it had receivd "more than on e approach" which might lad to a bid.

This followed a definite offer for "a substantial part" of the 48 per cent of Marler owned by Blade Investments, a nominee vehicle for clients of Lazard Brothers.

The news led to another sharp rise in tha sbara price—from 94p to 108p.

According to last year's balance sheet net assets per share amounted to 53p, after adjusting for the post-balance sheet sale of Marler House for £3.5m. The latest figures, which will incorporate the updated valuation to March 25, 1980, are due out shortly.

Yesterday, Mr. Robert Noonan, speaking for Marler, said that the year under review had been active and successful.

Mr. Noonan said that the Board was not perturbed about the bid approaches. With Blade owning 48 per cent, the Marler family (most of whose stake was bought by Blade in 1978) holding perhaps 2½ per cent and independent Board members with another 8 or 9 per cent, any offer would need to be agreed, ba said.

Astra moves into Evered with 10.6%

In further pursuit of its aim of de-indnstrialising, Astra Industrial Gronp has booght 10.6 per cent of the shares of the Evered engineering company in the hope that it can swap its engineering assets for Evered's properties.

Mr. Dennis Dukes, Astra's chairman, ioteods to buy more Evered shares at around 20p each. "We shall take as many as we can get," he said. Astra intended eventually to make a full bid, but would still like to see Evered keep its stock market quotation, he added.

Mr. Dukes said he had met the Evered management before the share purchase to discuss possible arrangements betweeo the two companies; but oothing specific had emerged. "This is just another way of doing it," he said. Astra did not want to play any part in Evered's managemeot.

A month ago, Astra agreed to sell its metal finishing division to Bodycote International for oearly £700,000. It also announced the sale and leaseback of its Queeo's Road Aston factory for £1m cash.

Evered's interest for Astra, explained Mr. Dukes, lay chiefly in its 13 acres of property at Smethwick and its industrial estate at West Bromwich. Setting out Astra's future course in July, he said that high interest charges, the steel and engineering strikes and the problems of the motor industry had decided the company to start stripping

GOLD FIELDS 1980

Notice To Holders Of Ordinary Share Warrants To Bearer

Final Dividend

Subject to approval of the proposed final dividend at the Annual General Meeting to be held at the Dorchester Hotel, Park Lane, London, W.1. on Wednesday 12th November, 1980, the dividend will be paid on 25th November, 1980, or at the expiration of six clear days after lodgment thereof, whichever is the later, to holders of Coupon No. 128 detached from Ordinary Share Warrants to Bearer.

Payment will be made:

in London at:
Midland Bank Limited, New Issue & Securities Department, Mariner House, Pepys Street, London EC3N 4DA

in Paris at:
Lloyds Bank International (France) Limited, 43 Boulevard des Capucines, 75061 Paris, Cedex 02

in Zurich at:
Union Bank of Switzerland, 8021 Zurich, 45 Bahnhofstrasse

Consolidated Gold Fields Limited
49 Moorgate, London EC2R 6BQ

Corinthian shows advance

AN INCREASE of £20,777 to £271,713 in first-half pre-tax profits is reported by Corinthian Holdings, the financial services group with interests in the manufacture and distributinn of textiles and printing operations. Turnover rose from £3.16m to £3.5m.

The pre-tax figure was atruck after central overheads and interest charges of £37,115 (£37,860) and provisions amounting to £8,403 (provisions released £17,896).

After tax up from £72,674 to £88,328 and minoriOes £2,692 (£9,514), retained profits come out at £141,953 (£141,588). Stated earnings per 10p share are up from 3.11p to 3.36p and the interim dividend is raised from 0.5p to 0.75p—last year's total was 1.5p from pre-tax profits of £659,000.

R. McBRIDE UP MIDTERM

First-half 1980 taxable profits of Robert McBride (Middleton), a subsidiary of BP which produces domestic bleaches, detergents and toiletries, rose to £2.39m against £1.57m.

Turnover was up at £9.99m (£7.64m) and tax took £822,000 (£577,000).

Delta Metal slips midway and expects lower year

A SEVERE drop in UK demand from the beginning of Aprll has left pre-tax profits of The Delta Metal Company, non-ferrous metals, engineering, electrical and building products manufacturer, marginally lower st £13.45m for the half year to June 26, 1980, compared with £14.05m.

Profits for the whole year will be lower than the £30.43m reported in 1979, states Viscount Caldecote, the chairman. But he ia confident that with the continuing action being taken to improve the business and reduce costs, the group will emerge from the present recession in better shape and well prepared to take orders on a more profitable basis.

First-half sales were £26.45m higher at £283.29m due, says the chairman, to higher prices rather than larger volume. Exports rose £5.5m to £38.3m, reflecting higher volume, but margins were lower because of rising costs and the strength of sterling.

Tha pre-tax aurplus, which is reduced to £4.7m (£9.4m) on a current-cost basis, is struck after depreciation of £5.93m (£5.13m) and interest charges of £9.34m (£6.41m) and includes the associates' sbare of £3.92m (£3.08m).

Tax takes £6.86m (£5.56m) and minorities £0.46m (£0.41m). Stated earnings per 25p share are down from 5.6p to 4.3p but the interim dividend is maintained at 1.82p, again absorbing £2.6m. Last year's final was 4.18p.

Overall, the group's overseas companies achieved bigber sales and profits, with a shortfall in Europe being more than made good in Africa and Australia. The chairman expects overseas profits to conOnue at a saOsfactory level.

But in the UK demand is still at a low level and this, together with strong pressure to reduce stocks both in the company and by customers, bas led to closures, redundancies and short-time working. The chairman is hopeful, bowever, that destocking by customers is largely completed and that home demand will fall no further.

The group's metal account, dealt with separately from the trading results, shows a net loss of £2.57m for the six months against a profit of £4.24m, after tax relief of £0.13m (£0.52m charge). Until the year end, no transfer is made to or from the metal price contingency reserve, which at December 29, 1979 stood at £14.27m.

Lex, Back Page

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims—Breeden and Cloud Hill Lime Works, Camrex, Desoutter Brothers, European Ferries, Laporte Industries, Liberty, Molins, Standard Telephones and Cables.

Finals—Goodman Brothers and Stockman, Northern Industrial Improvement Trust.

FUTURE DATES

Interims—	
Astbury and Madeley	Sep. 24
Industrial and General Trust	Oct. 16
Sparrow (G. W.)	Oct. 3
Wilkinson Warburton	Sep. 25
Finals—	
Adwest	Sep. 29
Green (R.) Properties	Oct. 13
Park Place	Sep. 22
Raine Engineering Industries	Oct. 8
Sizewell European Invest. Tst	Sep. 25

Upturn at Thomas Marshall

TAXABLE profits of Thomas Marshall and Co. (Loxley), manufacturer of refractory and heat insulaOng materials and carbon for the chemical and metallurgical industries, recovered from £125,000 to £226,000 in the half-year to June 30, 1980, but were still well below the 1978 midway surplus of £389,000. For the last full year, profits were £424,399, down from £1.14m.

As long as the demand for steel continues at its present exceptionally low level, say the directors, it is difficult to foresee a return to previous levels of profitability.

The group has closed one of its Wrexham works because of the reduced demand for insulating refractories, for which the directors blame a worldwide recession in the chemical and petrochemical industries, the strong pound, inflation, high interest rates and a conOnuing unjustified increase in the price of gas.

First-half sales were £9.36m (£8.71m) and the surplus was struck after depreciation of £152,000 (£157,000) and interest of £271,000 (£163,000).

Tax takes £50,000 (£32,000) and there is an extraordinary debit this Ome of £31,000.

Earnings per 25p sbare are shown as 2.52p (1.58p) and the interim dividend is beld at 1.2p —last year's final was 1.576p.

Malays to have state's big tin group holding

BY KENNETH MARSTON, MINING EDITOR

THE MALAYSIAN Government-owned Pernas Group has announced that it will transfer the 71 per cent equity it holds in Malaysia Mining Corporation (MMC), the world's largest tin mining group, to the Bumiputra Foundation, as part of the Government's policy of transferring profitable companies it owns to the Malays, writes Wong Suloug from Kuala Lumpur.

The Pernas Group managing director, Mr. Rabman Hamidon, said the transfer would be effected by the end of the year, although the terms of the transfer have not yet been finalised.

Under the Goverament's policy, its take in profitable companies, such as Bank Bumiputra, Malayan Banking Berbad, and many others, will be transferred to the Bumiputra Foundation. The Government's stake in these companies amounts to several billion Malay dollars, at market value.

The foundation's subsidiary, Permodalan Nasional, will then issue unit trusts for sale to Bumiputras (Malays). The first of the unit trusts will be launched by the end of the year, and each Malay will be restricted to the purchase of 20,000 units.

MMC is 29 per cent owned by London's Charter Consolidated.

The MMC annual report shows a pre-tax profit of M$68m (£13.6m) for the year ended January 1980, compared with M$53m in the previous year.

The better results were attributed to high metal prices, the sale of some of its investments, and the "strong results" of its subsidiary, MMC Marketing, which does its own marketing of On in partnership with Anglo-Chemical, instead of selling tin through smelters on the Penang market.

During the year under review, MMC entered into several agreements with the state governments of Perak, Johore, Kelantan and Selangor, to explore for and mine tin. The most significant agreement was with the Selangor government last July to exploit the extensive tin deposits in Kuala Langat.

Another development was the Pernas' decision to transfer all its activities under its subsidiary, Pernas Mining, to MMC. This in effect means that MMC now holds the rights to the minerals (except oil and gas) in most of the territorial waters off the west coast of peninsula Malaysia.

A comprehensiva offshore drilling programme is currently being planned to exploit these areas, particularly off the Lumut district in Perak State where illegal offshore mining is being reported.

Candecca group seeks oil in Wilts.

The consortium which drilled the Lockton East and Malton No. 3 wells in Yorkshire, both of which were plugged and abandoned, are moving the drilling rig to Yarnbury, in Wiltshire.

An exploratory well will then be drilled on the site, which is around 50 miles west of the famous Humbly Grove oil discovery in the Dorset/Hampshire basin.

The consortium comprises Candecca Resources, 49 per cent, Taylor Woodrow Energy, operator with 14.25 per cent, RTZ Oil and Gas, 14.25 per cent, Haema North West Oil and Gas (UK), 13 per cent, and James Finlay, 9.5 per cent.

Boddingtons' 30% ahead

A CONTINUING demand for its locally brewed beers has resulted in Boddingtons' Breweries increasing its pre-tax profits by nearly 30 per cent from £1.81m to £2.34m in the half-year to June 28, 1980. Turnover was up from £10.18m to £11.39m.

The total voluma of sales held up well, says Mr. Ewart Boddington, the chairman, and were only marginally down on the corresponding period last year. Free trade sales, however, rose again and now represent some 20 per cent of the company's trade.

Mr. Boddington says the second half has started well, with a small rise in volume sales, but with unemployment on the increase the costs still rising, he says it is unlikely that rate of profit growth achieved in the first half will be maintained.

Interest and depreciation took £269,000 (£248,000), and tax was up from £770,000 to £1.05m.

Stated earnings per 25p share are 6.95p (adjusted 5.38p) before tax and disposal of properties, and 3.85p (adjusted 3.1p) after tax and before disposal of properties. The interim dividend is effectively raised from 1.166p to 1.4p—last year's total was an adjusted 2.5p from pre-tax profits of £4.01m.

BANK RETURN

	Wednesday September 17 1980	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	37,610,349	+ 442,160
Bankers Deposits	678,080,098	+ 252,963,486
Reserve & other Accounts	638,350,156	— 51,032,334
	1,360,593,599	+ 202,373,312
ASSETS		
Government Securities	534,029,064	+ 24,275,001
Advances & Other Accounts	249,729,968	— 118,603,293
Premises Equipment & Other Secs.	547,800,495	+ 296,250,267
Notes	28,746,800	+ 469,152
Coin	287,272	— 17,815
	1,360,593,599	+ 202,373,312
ISSUE DEPARTMENT		
Liabilities	£	£
Notes Issued	10,175,000,000	— 25,000,000
In Circulation	10,146,253,200	— 26,469,152
In Banking Department	28,746,800	+ 469,152
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	8,576,441,092	— 184,071,626
Other Securities	1,587,543,808	+ 159,071,626
	10,175,000,000	— 25,000,000

Brown Boveri Kent net loss in first half

PROFITS BEFORE tax of Brown Boveri Kent (Holdings) slumped from £3.1m to £536,000 in the first half of 1980 and after tax, a net loss of £153,000 was incurred against profits of £2.19m last year.

No interim dividend is being declared. Last year, the group, designer, maker and marketer of industrial instruments and metering devices, paid a 1p interim followed by a 1.2p final—pre-tax profits for the year amounted to £5.79m.

Loss per 25p share in the first half is stated as 0.52p (3.79p earnings).

Operating surplus of £3.22m (£4.92m) fell to 7.4 per cent of sales, this reduction being compounded by a substantial rise in interest charges, reflecting higher borrowings and the level of interest rates.

Despite the further strengthening of sterling and the intense competition in all markets, both the indsutrial measurements and meters sectors showed results not materially different from the comparable period of the previous year, and the subsidiaries operating outside the UK produced better results than in the previous period, tha directors say.

Results for Introl valves were satisfactory, but the remaining substantial activities of the process control division in the UK suffered a downturn: output and margins were depressed by weak prices and delays on certain contracts, largely outside the company's control.

At the same time costs and cash flow were affected by the substantial build-up of activity on the new range of electronic control systems, where orders and prospects are encouraging, and by the coming on stream of the new factory at Stonehouse for flow products—a facility of great potential.

With the exception of process control, orders taken were at a similar level to the previous year, showing no growth in real terms, and the overall order backlog should permit turnover in the remainder of the year to be at a higher level.

	Half-year 1980 £000	1979 £000
Turnover	43,547	40,715
Operating surplus	3,221	4,919
Depreciation	1,172	1,031
Interest charges	1,513	823
Profit before tax	536	3,064
Overseas tax	678	687
ACT	8	236
Prior year tax adjust.	*8	†25
Net loss	153	‡2,186
Minorities	128	129
Attributable loss	281	‡2,057

* Debit. † Credit. ‡ Profit.

However, while rationalisation programmes and manpower reductions have been implemented in all sectors, margins will continue to be a cause of concern.

● comment

Profits of Brown Boveri Kent (Holdings) have been declining for more than a year but the sharp fall into an after tax loss in the first half of the current year was a nasty surprise. The shares dropped 2p to 28p. Most of the damage occurred at the operating level where profits dropped 35 per cent and margins more than four points. Demand for the group's industrial process control equipment, about half of sales, has been particularly weak in the UK and competition abroad has been severe. An 84 per cent increased interest charge has been caused to a large extent by the cost of delays in delivering equipment on some major export contracts. The final blow comes from overseas taxation, which turns the £0.5m pre-tax profit into a £153,000 loss. Borrowings are slightly higher than the £18m net at the end of 1979, about two-thirds of shareholders funds, but income gearing of 47 per cent in the first half is not desparate. Still, there could be quite a wait before industrial capital investment stimulates the order book in a major way as the dividend cut suggests.

Second City higher

Despite a considerable drop in turnover, from £19.24m to £16.54m, taxable profits of Second City Properties improved from £1.07m to £1.2m in the year to end-April, 1980.

At mid-year, pre-tax profits were ahead by over 28 per cent at £533,493 (£415,089) on turnover down from £10.3m to £8.5m. The chairman said then that the increase in profits was mainly attributable to improved margins in the private housing divisions together with a continued reduction in contracting activities.

He said he was confident that results for the full year would show an improvement over those reported last time.

The directors are increasing the final dividend by 10 per cent to 1.5961p, which makes a total for the year of 2.2152p net (2.0701p).

After a higher tax charge of £207,576 (£58,992) stated earnings per 10p share are 7.28p (7.48p) basic, and 6.75p (6.85p) fully diluted.

A revaluation of properties held as fixed assets or for investment has resulted in a surplus of £1.74m. This has been included in shareholders' funds which increased in the year by £2.56m to £10.55m and represent 77.2p per share.

The company is engaged in private and public building developments and property investment.

Liverpool Post dives midyear

FOR THE first half of 1980, pre-tax profits of the Liverpool Daily Post and Echo have slumped from £1.89m to £610,000 on reduced turnover of £24.27m against £30.15m. However, the directors are maintaining the interim dividend at 3.462p per share.

At the end of 1979, the group paid a total dividend of 9.5p from pre-tax profits of £4.11m (£4.02m).

Net profits in the first half this year are £412,000 against £1.23m with earnings per share stated as 3.7p compared with 10.9p and 23.4p at the end of last year.

The Board states that the group's half-year profit has been hit badly by the NGA dispute which, by one form of disruption or another, affected virtually the entire second quarter's trading for the UK newspapers.

In addition to this set-back, the continuing weakness of both the American and the Canadian dollar adversely affected North American earnings and assets on conversion to sterling and, further, undermined the prices realised by the three UK paper mills.

Against a background of recession in Merseyside, the UK generally and in North America, the outlook for the rest of 1980 cannot be optimistic, the directors say.

As during the first half-year so in the third quarter it becomes ever more apparent that the cost base of the daily newspapers in Liverpool is far too high. To date, the Liverpool dailies have traded at a significant loss in every week of the third quarter.

If the morning newspaper, the Liverpool Daily Post, is not to close, major cost reductions must be introduced, says the Board. Urgent talks to this end are to take place with the relevant trade unions.

Despite the general economic climate the group's other divisions will produce sound year-end results. The papermaking and packaging division looks for a profit not far short of last year's.

In Canada, too, the company expects only a small decline in dollar profits compared with 1979. This should be compensated by improved figures from the U.S. group of weeklies publishing in suburban Pittsburgh.

The situation of the Liverpool daily newspapers seems certain to make 1980 the group's worst year for over a decade. Against that background it should be recognised that provided the group achieves the vital economies at the Liverpool dailies—without which the morning newspaper cannot survive—the group remains a sound one, the Board adds.

The papermaking and packaging division shows itself resilient during a difficult period for its industries, and longer-term plans for continuing growth there and in both Canada and the U.S. are encouraging.

GT JAPAN INVESTMENT

A final dividend of 3p from GT Japan Investment Trust reduces the total from 7p per 25p share to 4p for the year ended June 30, 1980.

Pre-tax profits amount to £452,013 against £756,435. Tax takes £231,630 (£393,843) and earnings per share are 4.84p (7.12p) diluted and 4.41p (7.25p) undiluted.

Harrison Cowley up midway

PROFITS before tax of Harrison Cowley (Holdings), advertising agency group, rose from £401,000 to £613,000 in the first six months of 1980.

In spite of the deepening recession, Mr. David Harrison, chairman, expects the group to achieve his forecast of £900,000 profits for the full year. The forecast was made at the time of the placing of 30 per cent of the shares under Rule 163(2) early in July, and Mr. Harrison said then that the greater proportion of the expected surplus would arise in the first half.

Stated earnings, after tax of £344,000 (£221,000) are up from 3.6p to 6.38p and the interim dividend is 1.4p, as foreshadowed at the time of the placing, when directors also announced their intention to pay a final for 1980 of 2.45p.

After an extraordinary debit this time of £47,000, representing the expenses of the share placing, attributable profits are £222,000 (£130,000).

Dollar firm

The dollar was very firm in the foreign exchange market yesterday, helped by firmer Eurodollar rates, and an easing of some European interest rates. News of a cut in the German Bundesbank's Lombard rate prompted selling of the D-mark against the dollar, and this was followed by the announcement of a reduction in Denmark's bank rate.

The dollar rose to DM 1.7915 from DM 1.7810 against the D-mark, to SwFr 1.6420 from Sw Fr 1.6290 in terms of the Swiss franc, and to Y212.90 from Y211.90 against the yen, although the dollar had already improved against the yen earlier in Tokyo.

On Bank of England figures, the dollar's trade-weighted index rose to 83.6 from 83.3.

Sterling's index, as calculated by the Bank of England, rose to 75.6 from 75.5, after opening at 75.7 and falling to 75.6 at noon.

The pound opened at $2.3925-$2.3935 and touched a high point of $2.3965-$2.3975 in early trading. It fell to $2.3890-$2.3900 shortly before the announcement that Minimum Lending Rate was unchanged, but then improved to $2.3930-$2.3940. Heavy buying of the dollar out of New York pushed sterling to a low of $2.3820-$2.3830 in the afternoon, and the pound closed at $2.3845-$2.3855, a fall of 75 points on the day.

D-MARK—One of the weaker members of the European Monetary System of late, but showing little change against most currencies including the dollar. There was little immediate reaction to yesterday's cut in the Bundesbank Lombard rate, but the D-mark did weaken against the dollar during the afternoon—The D-mark was slightly weaker at the Frankfurt fixing, with the Dutch guilder rising to DM 91.97 from DM 91.9650 per 100 guilders, and the Irish punt to DM 3.7680 from DM 3.7640. An early firming of Eurodollar interest rates helped the dollar which was fixed at DM 1.7840, compared with DM 1.7812. During the afternoon the U.S. currency rose above DM 1.7900 for the first time this month. Sterling rose to DM 4.2610 from DM 4.2580 at the fixing.

DANISH KRONE—Remaining quite firm around the middle of the EMS after two devaluations in 1979.—The krone lost ground to most currencies at the Copenhagen fixing, and weakened further in the afternoon following news of the 1 per cent cut to 12 per cent in Denmark's bank rate. The dollar was fixed at DKr 5.5165, compared with DKr 5.5115, but rose above DKr 5.5400 in late trading. Sterling also continued to advance against the krone in the afternoon from a fixing level of DKr 13.1945, compared with DKr 13.1770 previously.

JAPANESE YEN—Advancing steadily since the middle of last month, helped by the general weakness of the dollar, and the fundamental improvement in the Japanese economy, which is expected to bring another cut in the central bank discount rate. —The yen was slightly easier in light Tokyo trading, reacting calmly to the outcome of the OPEC meeting in Vienna. News that Saudi Arabia is to raise its oil price tended to depress the yen, and the dollar rose to Y212.05 from Y211.60, touching a best level of Y212.15.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU September 18	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.5618	+1.94	+0.73	±1.53
Danish Krone	7.72336	7.82312	+1.29	+0.08	±1.64
German D-Mark	2.48208	2.52897	+1.89	+0.68	±1.125
French Franc	5.84700	5.88113	+0.58	−0.63	±1.3557
Dutch Guilder	2.74362	2.75188	+0.30	−0.91	±1.512
Irish Punt	0.668201	0.670338	+0.32	−0.89	±1.668
Italian Lira	1157.79	1201.19	+3.75	+2.69	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Sept. 18	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	9.385	4.275	508.0	9.930	3.815	4.645	2029.	2.787	68.65
U.S. Dollar	0.419	1.	1.788	915.0	4.164	1.642	1.948	850.5	1.168	28.74
Deutschemark	0.234	0.558	1.	118.8	8.323	0.918	1.087	474.5	0.652	16.040
Japanese Yen 1,000	1.969	4.695	8.415	1000.	18.55	7.707	9.144	3993.	5.485	134.9
French Franc 10	1.007	8.402	4.308	511.6	10.	3.943	4.678	2043.	2.806	69.08
Swiss Franc	0.255	0.609	1.099	189.8	2.536	1.	1.186	518.1	0.712	17.51
Dutch Guilder	0.215	0.513	0.920	109.4	2.138	0.843	1.	436.7	0.600	14.76
Italian Lira, 1,000	0.483	1.176	2.107	850.4	4.895	1.930	2.290	1000.	1.374	33.79
Canadian Dollar	0.359	0.856	1.534	182.3	3.564	1.405	1.667	728.0	1.	24.60
Belgian Franc 100	1.459	3.478	0.236	741.1	14.49	5.711	6.776	2959.	4.065	100.

FT LONDON INTERBANK FIXING (11.00 a.m. SEPTEMBER 18)

3 months U.S. dollars		6 months U.S. dollars	
bid 11 11/16	offer 12 1/16	bid 12 1/2	offer 12 5/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris, and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

Sept. 18	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	16⅛-16⅜	10¾-11	10-11½	9¾-10	1-1½	8⅜-8½	11½-11¾	14-18	50¾-51	12¼-12¾
7 days' notice	16¼-16½	10¾-11	10-11½	9⅞-10⅛	2-2¼	8⅜-8½	11½-11¾	17-28	10⅞-11	12¾-13¼
Month	16¼-16½	11[illegible]-11[illegible]	10⅛-10⅛	10⅜-10½	5[illegible]-5[illegible]	8[illegible]-8⅝	11[illegible]-12[illegible]	23⅛-24½	11¼-11⅜	12⅝-12⅞
Three months	15⅜-15⅝	11[illegible]-12[illegible]	10¾-11⅛	10⅝-10¾	8½-5⅝	8[illegible]-8[illegible]	12-12¼	24½-25⅛	11[illegible]-11[illegible]	11¾-12
Six months	14¾-15	12[illegible]-12[illegible]	11½-11⅞	10⅝-10¾	5¾-5⅞	8[illegible]-8[illegible]	12⅜-12⅝	25¾-26¾	12[illegible]-12[illegible]	11-11⅛
One Year	13¾-14	12[illegible]-12[illegible]	11¾-12⅛	10[illegible]-10[illegible]	5[illegible]-5[illegible]	8[illegible]-8[illegible]	12⅝-12⅞	24¼-25¼	12[illegible]-12[illegible]	9⅞-10⅛

Long-term Eurodollar two years 12⅝-12⅞ per cent; three years 12⅝-12⅞ per cent; four years 12⅝-12⅞ per cent; five years 12⅝-12⅞ per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 11.10-11.20 per cent; three-months 11.80-11.90 per cent; six-months 12.05-12.15 per cent; one year 12.15-12.35 per cent.

THE POUND SPOT AND FORWARD

Sept. 18	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3820-2.3975	2.3845-2.3855	1.00-0.90c pm	4.78	2.02-1.92 pm	3.30
Canada	2.7830-2.8050	2.7860-2.7870	1.40-1.30c pm	5.81	3.05-2.95 pm	4.31
Nethlnd.	4.63-4.67	4.64-4.65	2¼-1¼c pm	4.52	5¼-4¼ pm	4.20
Belgium	68.30-68.70	68.50-68.60	27-17c pm	3.85	53-43 pm	2.80
Denmark	13.17-13.26	13.24½-13.25½	1¼-3¼ore dis	−2.38	16-11½ dis	−3.24
Ireland	1.1310-1.1370	1.1330-1.1340	0.20-0.11p pm	1.64	0.40-0.31 pm	1.25
W. Ger.	4.25½-4.28½	4.27-4.28	3¼-2¼pf pm	7.37	7¼-6¼ pm	6.67
Portugal	118.40-119.20	118.75-118.95	par-40c dis	−2.02	10-120 dis	−2.19
Spain	175.10-175.60	175.15-175.25	105-160c dis	−9.07	320-400 dis	−8.22
Italy	2,026-2,031	2,028-2,029	9¼-11¼ lire dis	−6.06	44¼-47¼ dis	[illegible]
Norway	11.55-11.61	11.57-11.58	3¼-2ore pm	2.85	7¼-6 pm	2.33
France	9.90-9.95½	9.92½-9.93½	4¼-3¼c pm	4.53	9¼-7¼ pm	3.12
Sweden	9.90½-9.96½	9.91½-9.92½	par-½ore dis	−0.38	3¼-4¼ dis	[illegible]
Japan	502-512	507½-508½	1.40-1.00y pm	2.83	4.30-3.80 pm	[illegible]
Austria	30.15-30.30	30.22-30.27	12-10gro pm	4.36	28-27 pm	3.41
Switz.	3.89½-3.93½	3.91-3.92	3¼-2¼c pm	9.96	10-9 pm	9.71

Belgian rate is for convertible francs. Financial franc 69.00-69.10. Six-month forward dollar 2.40-2.30c pm, 12-month 2.75-2.65c pm.

THE DOLLAR SPOT AND FORWARD

Sept. 18	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.3820-2.3975	2.3845-2.3855	1.00-0.90c pm	4.78	2.02-1.92 pm	3.30
Ireland†	2.1020-2.1135	2.1020-2.1040	0.60-0.50c pm	3.13	1.70-1.60 pm	[illegible]
Canada	1.1680-1.1700	1.1695-1.1698	0.05-0.01c pm	0.31	0.30-0.25 pm	[illegible]
Nethlnd.	1.9350-1.9467	1.9350-1.9360	0.15-0.05c pm	0.62	0.63-0.53 pm	1.20
Belgium	28.58-28.74	28.72-28.74	1-2½c dis	−0.73	2-4 dis	[illegible]
Denmark	6.5145-6.5425	6.5410-6.5425	2¼-3¼ore dis	−6.50	7¼-8¼ dis	−5.27
W. Ger.	1.7810-1.7925	1.7910-1.7920	0.42-0.38pf pm	2.68	1.52-1.47 pm	[illegible]
Portugal	49.65-49.88	49.78-49.88	20-35c dis	−6.62	45-90 dis	[illegible]
Spain	73.33-73.63	73.58-73.63	60-80c dis	−11.41	175-205dis	[illegible]
Italy	848.25-850.25	849.75-850.25	8-10 lire dis	−12.70	25-28 dis	−12.94
Norway	4.8332-4.8560	4.8535-4.8550	0.65-1.15ore dis	−2.22	0.85-1.35dis	−0.91
France	4.1445-4.1625	4.1605-4.1625	0.10-0.20c dis	−0.43	0.03-0.13dis	−0.08
Sweden	4.1500-4.1620	4.1605-4.1620	1.60-1.80ore dis	−4.90	4.75-4.95dis	−4.65
Japan	212.25-213.50	212.85-212.95	0.20-0.30y dis	−1.41	0.12-0.02 pm	0.13
Austria	12.61½-12.68¾	12.67¼-12.68¼	0.20-0.80gro dis	−0.47	½pm-1½dis	−0.12
Switz.	1.6300-1.6425	1.6415-1.6425	0.82-0.77c pm	5.81	2.61-2.56 pm	6.30

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Sept. 18	Bank of England Index	Morgan Guaranty Changes %
Sterling	75.6	−30.4
U.S. dollar	83.6	−9.8
Canadian dollar	80.4	−17.4
Austrian schilling	155.7	+24.8
Belgian franc	115.1	+13.5
Danish kroner	106.3	−5.0
Deutsche mark	154.1	+43.4
Swiss franc	197.5	+76.7
Guilder	136.1	+20.2
French franc	100.8	−6.1
Lira	58.6	−51.5
Yen	155.8	+31.5

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

Sept 17	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	16	0.552758	[illegible]
U.S. $	11	1.32159	[illegible]
Canadian $	10.73	1.54732	[illegible]
Austria Sch	5¾	16.6652	17.[illegible]
Belgium F	12	37.7677	40.5497
Danish K	15	7.27932	7.8[illegible]
D'mark	7½	2.35408	2.52745
Guilder	9	2.55992	2.74852
French Fr	9½	5.47489	5.87782
Lira	15	1120.38	1202.02
Yen	8.25	278.988	300.209
Norwgn. Kr.	9	6.37799	6.84789
Spanish Pts.	8	96.6752	104.[illegible]
Swedish Kr.	10	5.47931	5.88442
Swiss Fr.	3	2.15591	2.31432

OTHER CURRENCIES

Sept. 18	£	$		£ Note Rates
Argentina Peso	4575-4598	1917-1924	Austria	30.05-30.35
Australia Dollar	2.0340-2.0570	0.8535-0.8540	Belgium	68.45-69.05
Brazil Cruzeiro	134.58-165.58	56.54-56.74	Denmark	13.17-13.29
Finland Markka	8.68-8.68½	3.6410-3.6420	France	9.88-9.96
Greek Drachma	101.576-104.032	42.65-42.80	Germany	4.25¼-4.29¼
Hong Kong Dollar	11.78½-11.86½	4.9470-4.9490	Italy	2015-2130
Iran Rial	n.a.	n.a.	Japan	505-515
Kuwait Dinar (KD)	0.635-0.641	0.2670-0.2671	Netherlands	4.63-4.67
Luxembourg Frc.	68.50-68.60	28.72-28.74	Norway	11.54-11.64
Malaysia Dollar	5.0375-5.0475	2.1145-2.1185	Portugal	115¼-122
New Zealand Dlr.	2.4250-2.4890	1.0175-1.0185	Spain	170¼-178¼
Saudi Arab. Riyal	7.91-7.97	3.5190-3.3810	Sweden	9.91-10.01
Singapore Dollar	5.0225-5.0325	2.1085-2.1105	Switzerland	3.89-3.92
Sth. African Rand	1.7935-1.7945	0.7520-0.7525	United States	2.3855-2.3955
U.A.E. Dirham	8.79-8.85	3.6885-3.6905	Yugoslavia	70¼-72¼

Rate given for Argentina is free rate.

INTERNATIONAL MONEY MARKET

German rate cut

The West German Bundesbank yesterday announced a cut in the lombard rate to 9 per cent from 9½ per cent. Such a move had been anticipated for some time, with rumours circulating about a possible cut ever since the first meeting of the central bank committee, held after the summer recess, on September 4. This brings the lombard rate more into line with interbank money rates, since call money has not risen above 9.55 per cent during September. Yesterday call money was quoted at 9.40 per cent compared with 9.425 per cent on Wednesday. At the same time as yesterday's lombard cut, the authorities announced their intention to continue the recent run of sale and repurchase agreements with the market, thereby providing liquidity where necessary, and enabling the authorities to retain some control over market trends.

In Copenhagen the Danish central bank cut its discount rate to 12 per cent from 13 per cent. At the same time the rate on rediscount facilities was reduced to 12 per cent from 13 per cent. The discount rate has stood at a record 13 per cent since February this year, when it was raised two points from 11 per cent.

In Paris the Bank of France announced its intention to buy first category paper from the market for value on September 22. Banks wishing to participate will submit paper with maturity bands of September 26-29, October 1-5 and October 6-15. The rate and amount are to be announced some time today. The last time the Bank bought paper was on August 20 at 11½ per cent.

MONEY RATES

NEW YORK	
Prime Rate	12¼
Fed. Funds	10¼-10⅞
Treasury Bills (13-week)	10.15
Treasury Bills (26-week)	10.60
GERMANY	
Discount Rate	7.50
Overnight Rate	9.40
One month	9.275
Three months	9.125
Six months	9.10
FRANCE	
Discount Rate	9.5
Overnight Rate	11.625
One month	11.8125
Three months	11.9375
Six months	11.9375
JAPAN	
Discount Rate	9.25
Call (Unconditional)	11.3750
Bills Discount (three-month)	11.46875

UK MONEY MARKET

Free supply

Bank of England Minimum Lending Rate 16 per cent (from July 3, 1980)

Day to day credit was in good supply in the London money market yesterday, and discount houses balanced their books without any official intervention. There were no appreciable factors working against the market, but on the other side banks brought forward balances a moderate way above target. Discount houses were paying around 15½ per cent for secured call loans at the start, with later balances taken as low as 15 per cent.

In the interbank market overnight money opened at 16-16¼ per cent and eased to 15-15½ per cent before coming back to 16-16¼ per cent. Later in the day rates eased to 15-15½ per cent.

GOLD

Slight fall

Gold fell $3 to $671-674 in moderate trading in the London bullion market yesterday. The metal opened at $668-671, the lowest level of the day, and touched a peak of $673-676 in the morning. It was fixed at $674.00 in the morning and $672.00 in the afternoon.

In Paris the 12½ kilo gold bar was fixed at FFr 90,000 per kilo ($674.76 per ounce) in the afternoon, compared with FFr 90,200 ($677.04) in the morning, and FFr 90,000 ($675.74) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 38,685 per kilo ($674.97 per ounce), against DM 38,905 ($679.29) previously, and closed at $671-673 compared with $672-674 on Wednesday.

In Zurich gold finished at $671-674 against $674-677.

	Sept. 18		Sept. 17	
Gold Bullion (fine ounce)				
Close	$671-674	(£281½-282¾)	$674-677	(£281¾-283)
Opening	$668-671	(£279½-280¾)	$675-678½	(£282¼-284)
Morning fixing	$674	(£281.631)	$678.25	(£283.673)
Afternoon fixing	$672	(£281.525)	$675	(£281.008)
Gold Coins				
Krugerrand	$691¼-693	(£290-291)	$695-697	(£290¼-292¼)
Mapleleaf	$685¼-688½	(£286-289)	$689-694	(£288-291)
New Sovereigns	$170¼-171¼	(£71¼-72¼)	$171¼-172¼	(£71¼-72¼)
King Sovs	$197½-199½	(£89½-84)	$198-200	(£82¼-83½)
Victoria Sovs	$198-200	(£83-84½)	$198-200	(£82½-83½)
French 20s	$166½-169½		$167½-168½	
50 pesos Mexico	$834-837		$832-835	
100 Cor. Austria	$660-663		$654-658	
$20 Eagles	$729-785		$785-788	
$10 Eagles	—		—	
$5 Eagles	—		—	

LONDON MONEY RATES

Sept. 18 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ◆	Eligible Bank Bills ◆	Fine Trade Bills ◆
Overnight	—	16-16¼	—	—	—	16¼	16-15½	—	—	—
2 days notice	—	—	16⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	16⅛-16¼	16½	—	16⅛	16½-16⅝	15¼-15½	—	—	—
One month	16⅝-16[illegible]	16¼-16⅜	16¼	17⅛-17⅛	15[illegible]	16¾	15⅛-15⅝	14[illegible]-14[illegible]	16¼	[illegible]
Two months	15[illegible]-16[illegible]	15⅞-16	—	16¾-17	16[illegible]	—	14¼-14⅝	14[illegible]-14[illegible]	15[illegible]	[illegible]
Three months	15[illegible]-15[illegible]	15[illegible]-16[illegible]	16⅛-15½	16¼-15¾	15[illegible]	16	14-14¼	14[illegible]	14[illegible]-14⅞	[illegible]
Six months	14½-14⅝	14½-14⅝	14⅝-14⅞	14⅛-14⅜	14[illegible]	15½	—	—	15½-13⅝	[illegible]
Nine months	15[illegible]-13[illegible]	13⅝-16¼	—	14⅛-14⅜	14[illegible]	14⅞	—	—	—	[illegible]
One Year	13[illegible]-15[illegible]	13½-13⅝	13⅞-13¾	16½-13⅞	13⅞	14¼	—	—	—	—
Two years	—	—	13⅝	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 13½-13⅝ per cent; four years 13½-13⅝ per cent; five years 13½-13⅝ per cent. ◆Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 14⅞ per cent; four-month trade bills 15⅝ per cent.

Approximate selling rate for one-month Treasury bills 14[illegible]-14[illegible] per cent; two-months 14[illegible]-14[illegible] per cent; three-months 14[illegible]-14[illegible] per cent. Approximate selling rate for one-month bank bills 16⅛ per cent; two-months 15[illegible] per cent; three-months 14[illegible]-14⅞ per cent; one-month trade bills 16⅝ per cent; two-months 16 per cent; and three-months 15¾ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 16½ per cent from September 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 14 per cent. Clearing Bank Rates for lending 16 per cent. Treasury Bills: Average tender rates of discount 14.4024 per cent.

INTERNATIONAL COMPANIES and FINANCE

Procter and Gamble faces health claims on tampons

BY IAN HARGREAVES IN NEW YORK

PROCTER AND GAMBLE, the leading U.S. consumer products company, is facing a potentially costly problem over U.S. Government allegations that its Rely brand tampons may have caused the deaths of several women.

There has been a gathering volume of concern in the U.S. in recent months over research suggesting that an illness called toxic shock syndrome may be related to the use of tampons.

The condition, only recently identified, causes fever, vomiting, hair loss, skin disorders and, since 1975, the deaths of 25 young women.

Since last January the Government's Centre for Disease Control has received reports of 299 cases of toxic shock syndrome, 95 per cent of which involved women during their menstrual cycle.

But Procter and Gamble's name has hit the headlines because the centre has just reported that of the women who contracted the disease in July and August, 70 per cent were users of Procter and Gamble's Rely brand of tampons.

Although Rely accounted for less than 1 per cent of Procter's more than \$10bn worldwide sales last year, that was its first year of national sale throughout the U.S.

It is also thought—although the company would not confirm this—that the company was planning to introduce the brand into Europe. The total U.S. tampon market is worth about \$700m a year.

Procter now has until September 25 to reply to the Centre's findings, after which the U.S. Food and Drug Administration (FDA) will decide what course to take.

Procter says it is working urgently on the subject of toxic shock, but rejects the Centre's conclusions saying they are based on inadequate data and research.

Schlumberger in \$190m deal

BY PAUL BETTS IN NEW YORK

SCHLUMBERGER, the U.S. oil service company which acquired Fairchild Camera last year, announced yesterday it had reached agreement in principle to take over Manufacturing Data Systems, a computer services concern with sales of \$40.4m during the first nine months of its current fiscal year. On current market prices the deal is worth around \$190m.

Mr. Jean Riboud, Schlumberger's chairman, said yesterday the transaction would involve a tax free exchange of securities on the basis of 0.425 share of Schlumberger common stock on a pre-split basis for each share of Manufacturing Data common stock.

He said that on the basis of about 2,987,000 Manufacturing Data shares outstanding, about 1,270,000 Schlumberger shares on a pre-split basis would be issued. Manufacturing Data stock options will become options to buy Schlumberger shares on a comparable basis, the company said.

Schlumberger, which is seeking to dominate the market for so-called wire line services to provide the oil and gas industries with information to discover and produce oil and gas economically, said it expected that the transaction with Manufacturing Data Systems would be completed later this year.

Good first quarter for Pillsbury

BY TERRY BYLAND

A GOOD start to fiscal 1981 was disclosed yesterday by Pillsbury, the Burger King restaurant and consumer foods group, which has raised its earnings forecast for the full year to \$5.90 a share, compared with \$5.22 of 1980.

The first quarter has brought a 16 per cent gain in net earnings to \$28.7m or \$1.43 a share. Sales at \$720.8m were 8 per cent higher.

In fiscal 1980, Pillsbury pushed earnings ahead from \$4.62 to \$5.22 a share on the back of a 20 per cent advance in sales, of which more than one half came from Green Giant, the recently acquired tinned food company.

The consumer foods business, which turns in some 34 per cent of group profits, comprises well known brand names such as Green Giant, Fox Deluxe and Totine's, the frozen pizza company. Further growth is expected from this side of the business, reflecting a more favourable demand and supply balance in some products.

AMC agrees to union director

By Our New York Staff

AMERICAN MOTORS Corporation and the United Autoworkers Union have agreed terms of a three-year contract which, if the U.S. anti-trust authorities do not raise objections, will lead to a union leader joining the company's board of directors.

The agreement ended two days of unofficial strikes at the company's main plant in Wisconsin.

Details of the contract have not yet been made public, as it still has to be ratified by AMC workers, but AMC apparently failed in its attempt to win special concessions from the union in recognition of its precarious financial condition.

AMC's losses, expected to total a record \$150m this fiscal year, has led its banks to suspend lines of credit, which are currently being renegotiated. The company, meanwhile, is getting by with a bridging loan from Renault of France, which has an equity stake in AMC and a plan to jointly manufacture Renault-designed cars in the U.S. from 1982.

The terms of the settlement are understood to be more or less identical with those agreed last autumn by General Motors and Ford, meaning that AMC's only advantage over its much larger rivals is that it is one year further down the road in having to meet those terms.

The GM deal involved a 33 per cent aggregate increase in pay over three years, assuming inflation in the period of 8 per cent, as part of the award is indexed to consumer price inflation.

WEST GERMAN MOTOR INDUSTRY

Steep first half downturn for VW

BY ROGER BOYES IN BONN

VOLKSWAGEN, West Germany's largest motor group, saw profits drop by 28 per cent in the first half of 1980, having been hit by flagging demand in key markets at home and abroad, by industrial trouble in some foreign subsidiaries and production costs.

After-tax profits fell to DM 216m (\$121m) from DM 300m in 1979, which was a record year for the group. Sales rose by 1.1 per cent to DM 16.9bn in the six months but this was principally because of the consolidation of Triumph Adler and Chrysler Motors do Brasil as well as price increases.

Worldwide deliveries were little changed at 1.3m units, mainly because of a 10.6 per cent drop in German sales from 517,000 units to 462,000 units. Foreign sales—especially in the U.S.—helped to compensate for the domestic setback by reaching 852,000 units compared with 814,000, a 4.7 per cent increase.

As with Ford and Opel in Germany, the main models to suffer from the depressed domestic market were those in the upper middle sector, while the smaller models continued to hold their own. But Volkswagen is still significantly ahead of its main rivals on the German market. The January-July new registration figures, just released, show that almost 12 per cent fewer VWs and Audis were registered than in the same period last year. Opel registrations are down 19.3 per cent and Ford's 24.8 per cent.

Although it is clear that VW cannot remain immune to world motor trends—it is extremely apprehensive, for example, about its sales prospects in Britain this year—it seems confident that it will be able to ride through the motor industry recession better than its German competitors.

Herr Friedrich Thomee, Volkswagen finance director, said yesterday that the group had seen the recession coming three years ago and was adequately prepared for the troubled times ahead. Turnover in 1980 might eventually get close to the record proportions of 1979, although prospects for profits were far from clear.

Two main factors have affected Volkswagen. One is the group's high investment programme for the next three years, which is likely to total DM 10bn in West Germany alone. Investments in the first half of 1980 reached DM 1.9bn, up 45.6 per cent.

Rationalisation and the streamlining of production is expected to lead to an annual 3 per cent increase in productivity over the next years. Herr Thomee believes that this will increase competitiveness with the Japanese, who now have a 10 per cent share of the German market.

The second major factor has been VW's spread into overseas markets which has reduced its dependence on the domestic market. VW of America, for example, recorded a 25 per cent increase in sales of DM 3.1bn in the first half of the year, a testimony to the continuing demand for small cars in the U.S.

But at the same time, VW's exposure overseas has created new forms of vulnerability. Thus while VW of America's turnover rose, it has recorded a loss of DM 46m against a profit of DM 4m in the first six months of 1979. This was caused by both currency fluctuations and to labour trouble.

Thomson in bank link with Lebanese group

BY TERRY DODSWORTH IN PARIS

THE THOMSON Group, one of France's leading industrial companies, is linking up with a Lebanese banking concern with the aim of expanding its international business, particularly in the Arab world.

Thomson's 30 per cent stake in the new organisation, Banque Byblos France, is to be held through the company's own banking subsidiary, Societe Financiere Electrique de Banque.

The other 70 per cent belongs to the Byblos group, a banking operation which started in the Lebanon and now has its headquarters in Brussels. Subscribed capital amounts to FFr 50m (\$12m).

While the main activity of the new French bank will be financing international business, Thomson is clearly hoping that this unusual link between an industrial company and a finance house will bring it fresh overseas contacts.

The Byblos Group's shareholders include many Middle East businessmen, particularly from Saudi Arabia, and the group claims to have strong contacts with the international Lebanese commercial community.

M. Francois Bassil, the head of the group, which is also seeking authorisation to establish itself in London, says that both the French and UK capitals are important to the development of the organisation because of their large Lebanese populations. These could, be said, be a source of both international business and deposits.

In the Lebanon, the Byblos Bank, a deposit-taking organisation, is reckoned to come 11th in the national league tables, with a capital of \$13m. Societe Financiere Electrique comes 52nd in the French banking system, with a balance-sheet total of about FFr 2bn (\$485m) and deposits of FFr 1.6bn.

Founded in the mid-1920s, Financiere Electrique's role is to advance credit to clients of the Thomson group, a widely diversified enterprise with interests in electronics, armaments, electrical consumer goods, telephones, and information systems. Last year Thomson had sales of FFr 30bn, of which 41 per cent was earned overseas.

● A marked deterioration in the performance of BP France has seen profits drop to break even, during the first six months of this year.

The company says that these results follow a trend which first manifested itself in the final quarter of last year, when supply problems within the group forced BP France to buy oil from external sources under unfavourable market conditions. Net profits of FFrs 382m (\$92.7m) last year were described as disappointing because of these problems.

The group, 70 per cent owned by the British company, adds that its costs in buying further oil supplies this year have gone up substantially, amounting to FFrs 1.2bn.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on September 18

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Brit. Oxygen F. 10¾ 90	50	84¾	84¾	+0¼	−1¼	13.69
CECA 11¾ 88	100	93¾	94¼	−0¼	−1¼	12.71
Citicorp O/S Fin. 10 88	300	86¾	90¼	−0¼	−1¼	12.40
Con. Illinois O/S 9¾ 88	150	88¾	88¾	−0¼	−1	12.85
Denmark 11¾ 90	100	92¾	92¾	+0¼	−1¼	13.11
Dome Petroleum 13¾ 92	50	101¾	101¾	−0¼	−0¾	13.21
EEC 11 95	75	87¾	87¾	−0¼	−0¾	12.94
EEC 11 95	70	87¾	87¾	−0¼	−0¾	12.90
EIB 11¾ 92	80	91¾	91¾	0	+0¼	13.21
EIB 13¾ 90	100	102¾	103¾	−0¼	−0¾	13.17
Eksportfinans 11¾ 87	50	94¾	95¼	−0¼	−1¼	12.43
Eksportfinans 9¾ 87	75	86¾	87¼	−0¼	−0¾	12.46
Elec. de France 10 88	125	87¾	88¼	−0¼	−1	12.48
Export Dv. Cpn. 12¾ 87	100	100	100¼	−0¼	−1¾	12.65
Export. Dv. Cpn. 9¾ 85	160	88¾	89	0	−2	12.48
Federal Dev. Bk. 12¾ 85	75	98¾	99¼	−1¼	−1¼	12.44
Fin. Exp. Credit 10¾ 85	50	91¾	92¼	−0¼	−1¼	12.85
Finland Rep. of 9¾ 88	100	86¾	87¼	−0¼	−0¾	12.87
Ford O/S Fin. 12¾ 85	250	97¾	97¾	−0¼	−0¾	13.33
George Weston 13¾ 87	30	99¾	99¾	−0¼	−0¾	13.55
GMAC O/S Fin. 11 84	100	96¾	95¾	−0¼	−1	12.39
GMAC O/S Fin. 13¾ 85	100	102¾	102¾	0	−0¾	12.90
Goodyear O/S 12¾ 87	75	97¾	98	0	−0¾	12.99
Hudson's Bay 11¾ 90	75	92¾	93¾	−0¾	−0¾	12.77
IBM Canada 10¾ 86	50	94¾	95¼	0	−0¾	11.90
ICI Fin. Ned. 11 83	100	97¾	97¾	−0¼	−0¾	12.14
Int. Harvester 12¾ 85	115	98¾	98¾	0	−0¾	13.16
McGraw 13¾ 85	75	99¾	100¼	0	−0¾	13.48
NorWest Ind. 13¾ 87	50	99¾	100¼	0	−0¾	13.58
Nova Scotia 10¾ 90	50	90¾	91¼	+0¼	−1	12.37
OKB 10 85	50	92¾	92¾	−0¾	−1	12.16
Pembroke Capital 9¾ 87	100	†87	87¾	−0¼	−1	12.49
Pemex 11¾ 88	100	92¾	93	−0¼	−0¾	13.01
Quebec Hydro 11¾ 92	100	90¾	91¼	−0¼	−1¼	13.04
Rebsteel O/S 11¾ 88	100	87¾	88	−0¾	−0¾	14.17
Royleasa Ltd. 11¾ 85	90	96¾	96¾	−0¼	−0¾	12.27
SNCF 12¾ 85	50	99¾	100¼	+0¼	−1	12.29
Swed. Ex. Cred. 12¾ 85	40	99	99¾	0	−1¼	12.87
U/A Finance BV 11 90	50	87¾	88¼	−0¼	−0¾	13.23
Unilever NV 9¾ 90	100	84	84¾	0	−1¾	12.62
World Bank 9¾ 85	200	91¾	91¾	−0¼	−0¾	12.18
World Bank 10¾ 87	300	90¾	91¼	−0¼	−0¾	12.23

Average price changes... On day −0¼ on week −1

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Akzo 9 90	125	101¾	102¼	+0¼	+0¾	8.73
Australia 8¾ 90	250	100	100¾	+0¼	−0¾	8.05
BFCE 7¾ 87	100	96¾	97¼	+0¼	−0¾	8.37
BFCE 8¾ 95	100	97¾	98¼	+0¼	−1	8.41
Brazil 8 87	150	87¾	88¼	−0¾	−1¼	10.53
Council of Eur. 7¾ 89	100	93¾	94¼	0	+0¾	8.22
Denmark 7¾ 86	100	98¾	99¼	+0¼	+0¾	8.15
Denmark 8¾ 92	100	98¾	99¾	+0¼	−0¾	8.36
EEC 7¾ 94	225	95¾	96¾	0	−0¾	8.33
Finland Rep. of 8 88	150	98¾	99	0	−0¾	8.28
Iberduero SA 9 90	100	99¾	100¼	+0¼	−0¾	9.05
Kobe, City of 7¾ 88	150	92¾	93¼	0	−1¼	8.23
Kobe, City of 8 90	100	99	99¾	−0¼	−0¾	8.09
Mt. Bk. Denmark 8¾ 90	150	†98¾	99¼	+0¼	−0¾	8.61
Norway 7¾ 85	250	99¾	99¾	0	−0¾	7.82
OKB 7¾ 89	100	94¾	94¾	+0¼	−0¾	8.26
OKB 8¾ 92	100	98¾	99¼	+0¼	−0¾	8.43
Oslo, City of 8¾ 90	80	101¾	102¼	+0¼	−0¾	8.46
Sweden 9¾ 87	200	105¾	106¾	0	−1	8.50
World Bank 8 90	700	97¾	98¼	+0¼	−0¾	8.28
World Bank 7¾ 90	250	96¾	97	+0¼	−0¾	8.40
World Bank 10 86	150	107¾	108¼	−0¼	+0¾	8.20
World Bank 10 90	200	108¾	108¾	+0¼	−1¼	8.65

Average price changes... On day +0¼ on week −0¼

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Austria Rep. of 5¾ 90	100	97¾	98¼	−0¼	0	5.64
Bergen, City of 4¾ 91	40	92¾	92¾	0	+0¼	5.69
Bergen, City of 6 90	50	101¾	101¾	−0¼	−0¾	5.79
BMW Overseas 4¾ 91	100	89¾	89¾	−0¼	−1¾	5.56
Buhrm'n-Tetterode 7 90	40	104¾	104¾	+0¼	0	6.32
Caisse Nat. Tels. 4¾ 89	100	91	91¼	0	−2¼	5.87
Copenhagen 4¾ 91	100	†85¾	86¼	+0¼	−0¾	6.90
Council of Eur. 5 90	100	94	94¾	0	−0¾	5.84
Denmark 5¾ 90	90	99¾	99¾	0	−0¾	5.83
EIB 4¾ 94	100	83¾	83¾	−0¼	−0¾	6.12
Elet. de France 4¾ 89	100	93¾	93¾	+0¼	−0¾	5.33
F. G. H. Hypo. Bk. 6 90	50	†101¾	102	−0¾	−1¼	5.76
Finland Rep. of 5¾ 90	80	94¾	95	+0¼	+0¾	6.33
GZB 4¾ 89	80	87¾	87¾	+0¼	+1¼	6.04
IADB 4¾ 91	35	†90	91	0	−1¼	5.41
Int.-Amer. Dev. 4¾ 89	100	91¾	91¾	+0¼	+0¾	5.76
Int.-Amer. Dev. 7 90	80	105	105¾	0	−0¾	6.27
Jutland Tels. 5¾ 90	50	98	98¾	+0¼	+0¾	5.76
Malaysia 6 88	80	†88	88¾	0	0	5.78
Newag 9¾ 90	80	100	100¾	−0¾	−2¼	5.73
Nippon Tel. & T. 4¾ 89	100	88¾	89	−0¾	−4¾	5.89
Norges Komm. 4¾ 91	100	87	87¾	+1¼	−1¼	6.00
OKB 4¾ 91	100	85¾	86¾	+0¼	−2¾	5.07
OKB 8 90	100	†103	103¾	+0¼	−0¾	5.55
Oslo, City of 4¾ 91	100	86¾	86¾	+1¼	−1	5.08
Philips Lampe 5¾ 92	100	98¾	98¾	−0¼	−0¾	5.42
Sekisui Pre. Hme. 8 90	80	102¾	102¾	−0¾	−0¾	5.62
Shikoku El. Pwr. 4¾ 89	80	93¾	94	+0¼	−0¾	5.68
World Bank 4¾ 89	150	89¾	89¾	+1¼	+0¾	5.89
World Bank 4¾ 91	180	89¾	89¾	+0¼	+0¾	5.90

Average price changes... On day 0 on week −0¼

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Australia 5.8 83	30	91¾	92¾	0	−0¾	6.72
Australia 6¾ 88	20	87¾	88¼	0	−0¾	8.67
EIB 7¾ 89	12	96¾	97¼	0	−0¾	8.26
Finland 5.6 83	10	90¾	91¾	−0¼	−0¾	8.92
Finland 6.8 88	10	87¾	88¼	+0¼	0	8.02
Finland, Rep. of 8¾ 87	15	96¾	98	−0¼	−0¾	8.90

Average price changes... On day 0 on week −0¼

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Bell Canada 10¾ 85 C$	60	91¾	92¾	0	−1	12.72
CIBC 13¾ 85 C$	50	98¾	99¾	−0¼	−1	13.59
CIBC 11¾ 85 C$	90	94¾	95	−0¼	−1	13.00
Federal Dev. 11¾ 90 C$	60	88¾	89¾	+0¼	−0¾	13.52
Fst. Can. Inv. 10 84 C$	50	90¾	91¼	0	−0¾	13.21
GMAC 12 85 C$	50	†95¾	96¾	0	−1	13.22
R. Bk. Canada 10 85 C$	40	90¾	91	−0¼	−0¾	12.37
Tordom Cpn. 13¾ 85 C$	30	98¾	99¾	−0¼	−0¾	13.59

	Issued	Bid	Offer	Change on day	week	Yield
M. Bk. Denmk. 8 91 EUA	25	93¾	95¼	0	−0¾	9.82
SOFTE 8¾ 89 EUA	40	88¾	90	0	0	10.17
U. Bk. Nrwy 9¾ 90 EUA	18	99¾	100¾	0	+0¼	9.48
Algemene Bk. 8¾ 84 Fl	75	96	96¾	+0¼	−0¾	9.42
Algemene Bk. 10¾ 87 Fl	400	99¾	100¼	+0¼	0	10.23
Bk. Mees & H. 10 85 Fl	75	100¾	100¾	+0¼	−0¾	8.89
Heineken NV 10 87 Fl	75	100	100¼	+0¼	+0¾	9.93
Norway 8¾ 84 Fl	100	98¾	98¾	+0¼	−0¾	9.33
Philips Lampe 8¾ 84 Fl	75	96¾	96¾	+0¼	+0¾	9.45
Aero Paris 13¾ 87 FFr	150	98¾	100¼	−0¼	−0¾	13.17
Air France 11 84 FFr	120	96	97	−0¼	−0¾	12.15
CECA 14¾ 86 FFr	160	104¾	105¾	0	−0¾	12.78
Finland 11 84 FFr	80	93¾	94¾	0	+0¼	12.97
Finland 11¾ 89 FFr	70	92¾	93¾	0	−0¾	12.84
Gaz de France 11 84 FFr	150	84¾	85¾	+0¼	−0¾	12.48
IBM France 11¾ 84 FFr	120	95¾	96¾	+0¼	0	13.18
Renault 9¾ 85 FFr	100	87¾	88¾	0	−0¾	13.18
Solvay et Cie 9¾ 87 FFr	125	84¾	85¾	−0¼	−0¾	13.37
Utd. Mex Sts. 14 85 FFr	150	100¾	101¼	0	−0¾	13.68
Beneficial Fin. 14¾ 90 £	20	98¾	99¼	+0¼	−0¾	14.41
Citicorp O/S 13¾ 90 £	90	98¾	99	+0¼	+0¾	13.73
EIB 11¾ 91 £	25	89	89¾	0	−0¾	13.40
Fin. for Ind. 12¾ 89 £	30	94¾	95	+0¼	−1	13.58
Fin. for Ind. 14¾ 89 £	20	101	101¾	+0¼	−0¾	14.14
Gen. Elec. Co. 12¾ 89 £	90	95¾	96¼	+0¼	−0¾	13.25
Peugeot SA 14 90 £	23	97¾	98¼	0	−1¼	14.40
Rothschild 14¾ 90 £	12	98¾	99¼	+0¼	−0¾	14.41
Swed. Ex. Cr. 15¾ 85 £	20	103¾	104¾	+0¼	+0¾	14.01
Benobras 8¾ 90 KD	7	†92¾	93¾	0	−0¾	8.40
CCCE 8¾ 91 KD	10	†93¾	93¾	0	−0¾	9.12
Sonatrach 8¾ 90 KD	12	†92¾	92¾	0	+0¾	9.70
Akzo 9¾ 87 LuxFr	500	93¾	94¾	0	+0¼	10.48
Euratom 8 87 LuxFr	500	87¾	68¾	0	−0¾	10.65
Euratom 9¾ 88 LuxFr	500	97	98	0	0	10.23
FFB 9¾ 88 LuxFr	600	97¾	98¾	0	−0¾	10.10
Volvo 9¾ 87 LuxFr	600	96	97	0	−0¾	10.45

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn.	C.yld
Allied Irish Bk. 5¾ 87	0¾	98	98¾	2/1	10.44	10.62
Bank of Ireland 5¾ 89	§0¾	97¾	98¾	21/11	11¾	11.58
Bank of Tokyo 5¾ 89	§0¾	97¾	97¾	25/10	9¾	9.50
Barclays O/S Inv. 5 90	0¾	97¾	98	13/12	9¾	9.85
Bergen Bk. A/S 6 89	§0¾	97¾	97¾	28/11	12¾	12.55
Bilbao Int. NV 5¾ 90	0¾	96¾	97¾	28/11	10.06	10.36
Citicorp O/S F. 89	§§0	99¾	99¾	23/11	11.44	11.49
Citicorp O/S F. 84	§0	99	99¾	30/9	11.94	12.03
C. Itoh 5¾ 87	0¾	*99¾	100¾	18/3	12¾	12.89
Co-operative Bk. 6 86	0¾	98	98¾	15/11	11.44	11.64
Creditanstalt 5¾ 91	§§0¾	99	98¾	14/12	12.06	12.28
CNT 5¾ 88	§0¾	100¾	100¾	13/10	18¾	18.06
GZB 5¾ 89	§0¾	98¾	98¾	1/11	9.81	9.91
Jugobanka 8 89	0¾	91¾	93¾	23/11	11¾	12.60
Ind. Bank Japan 5¾ 87	0¾	99	99¾	15/10	18¾	18.89
Lloyds Eurofin 8 80 £	0¾	96¾	98¾	3/1	15¾	13.34
LTCB Japan 5¾ 85	0¾	99¾	99¾	13/12	9¾	9.78
LTCB Japan 5¾ 89	0¾	98	98¾	7/12	10¾	10.31
Mfrs. Han. O/S 5¾ 94	10¾	97¾	98¾	30/12	12¾	12.36
Midland Intl. Fin. 5 93	0¾	97¾	98¾	20/12	9¾	9.68
Midland Intl. Fin. 5¾ 92	0¾	97¾	98¾	5/12	10¾	11.10
Nacional Fin. 6¾ 88	0¾	97¾	98¾	25/1	9.89	9.90
Nat West 5¾ 94	§0¾	99	99¾	11/10	18¾	18.77
Nippon Credit 6¾ 86	0¾	97¾	97¾	12/1	9.52	9.91
Nippon Credit 5¾ 87	0¾	98¾	98¾	3/11	10¾	11.03
Royal Bk. Scot. 5¾ 94	§§0¾	98¾	99¾	11/10	9.31	9.42
Soc. C. de Bque. 8¾ 87	0¾	98	98¾	3/10	20.06	20.42
Standard Chart. 5¾ 90	0¾	99¾	100¾	8/3	12.06	12.08
Svenska Hndlsbk. 8 87	0¾	98¾	98¾	15/1	10	10.17
Sweden 9†	§0¾	96¾	97	18/10	9.56	9.88
Williams & Glyn 5¾ 91	0¾	98¾	99¾	14/3	12.44	12.58
Bq. S. d'Alp. 4¾ 88 SF	0¾	†89	90	18/12	6¾	8.84

Average price changes... On day 0 on week +0¼

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Aktbolag 7¾ 89	10/79	145	†119	120	+1	−3.58
Ajinomoto 7¾ 95	2/80	816.5	123¾	124¾	0	−2.43
Alco Int. Fin. 8¾ 94	1/80	40	94	95¾	0	3.71
Apache 1. Fin. 8¾ 95	12/80	21.12	137¾	138¾	0	−4.42
Blocker Energy 8¾ 95	1/81	21.87	106	107	−0¾	−5.87
Canon 6¾ 94	8/79	570	128	129	+3	11.37
Credit Suisse 4¾ 93	10/79	1278	117¾	119¾	+0¼	−1.48
Daiei Inc. 6¾ 94	11/79	927.3	97¾	98¾	−0¾	20.85
ODKK 11 90	4/81	324	105¾	105¾	0	14.48
Dynalectron 9¾ 95	8/80	12.72	112	113¾	0	0.20
Ensearch Fin. 9¾ 94	7/80	30.25	140¾	141¾	+0¼	−1.63
INA Overseas 8¾ 2000	4/81	42	98¾	100¾	+0¼	2.31
Inchcape Ltd. 8 35	2/81	4.65	107¾	108¾	+0¼	−1.93
Meidensha Elec. 7 4	12/79	210	112	113¾	0	1.20
MEPC 8¾ 95	2/81	2.47	108¾	109¾	+0¼	8.15
Mitsubishi Cp. 6¾ 94	10/79	549.1	131¾	132¾	−0¼	−0.68
Ricoh 6¾ 95	8/80	604	103¾	104¾	+0¼	1.96
SBC 6¾ 90	3/80	200	100¾	101¾	−0¾	4.03
Toshiba Cpn. 7¾ 94	10/79	188	111¾	112¾	0	−0.02
Union Bk. Switz. 8 89	2/80	121.4	98¾	99¾	−1¼	−0.62
Fujitsu 3 84 DM	7/79	475	114¾	115	+2¾	0.11
Sharp Corp. 8¾ 89 DM	8/80	695	111¾	112¾	+1¼	0.96
Uny Co. 6¾ 85 DM	11/79	1071	96¾	96¾	−0¾	22.81

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Campeau accepts ruling on Trustco takeover

BY OUR FINANCIAL STAFF

CAMPEAU CORPORATION announced in Toronto yesterday that it had satisfied a ruling by the Ontario Securities Commission regarding Campeau's C\$413m (U.S.\$360m) bid for Royal Trustco, the largest trust company in Canada.

Campeau said that Unicorp Financial has agreed to accept Campeau's offer of C\$21 a share for its Royal Trustco holdings, the same price as Campeau has offered to other Trustco shareholders.

On Wednesday, the Ontario Securities Commission ordered Campeau to cease trading in shares of Royal Trustco until this condition and others were met.

In another development this week, the Federal Department of Consumer and Corporate Affairs said it started an inquiry into the proposed takeover because of possible irregularities in share trading. The investigation is being carried out in conjunction with the Ontario Securities Commission.

Royal Trust said it would cooperate fully with any inquiry.

INTERNATIONAL BONDS

Taylor Woodrow issue

BY FRANCIS GHILES

TAYLOR WOODROW yesterday became the second British company to launch a convertible dollar denominated Eurobond this week. The \$20m 10-year convertible, which is led by Hambros Bank, carries an indicated coupon of 8½ to 9 per cent, which will be payable semi-annually. This is the first Eurobond for Taylor Woodrow.

Meanwhile, the first French franc convertible Eurobond for many years was launched last night for CIT-Alcatel, the communications unit of the Compagnie Generale d'Electricite. The borrower is raising FFr 180m for 11 years on a coupon of 10½ per cent. The conversion premium is expected to be 8 per cent. Four banks are joint lead managers of this issue: Societe Generale, CCF, Indosuez and Paribas.

Convertibles remain the only dollar denominated paper which currently holds any attraction for investors. Six convertibles have been issued during the past 11 days and all have met with a good reception. All other sectors of the dollar market are languishing with a minimum volume of trading being done outside dealers themselves. Prices of straight dollar bonds were virtually unchanged yesterday.

The \$20m 15-year convertible for Triton Oil and Gas, which includes a final coupon of 8½ per cent, was signed yesterday. The lead manager, Schroder Wagg, is expected to make very tight allotments to the underwriters of this issue because of the strong demand. The conversion price is \$31½, representing a premium of 8.7 per cent above the closing price of the shares last Wednesday in New York.

In pre-market trading yesterday the issue was already quoted at a premium of 1½-2½ above the issue price of par. Other recent convertible issues are doing equally well. The 8 per cent Blocker Energy bond to 1995 was quoted at 108.

The ½ per cent cut in the German Lombard rate and the widespread impression among German bankers that some members of the Bundesbank Central Council would have wished to cut the Lombard rate by a full point helped the D-Mark bond markets where prices of foreign bonds edged up by about ½ of a point.

MEDIUM-TERM CREDITS

\$50m for Petroleum NZ

BY PETER MONTAGNON

THE PETROLEUM Corporation of New Zealand is raising a \$50m, two-year Eurocredit, the first by this borrower which is fully state-owned and controls all the Government's interest in the hydrocarbons sector.

The credit is being managed on a club basis by Orion Bank and bears a margin over Libor of ½ per cent. It may be extended for a third year, in which case the margin would rise to ⅝ per cent.

Australasian borrowings continue to attract strong interest in the Euromarkets and the narrow spreads obtained by the Petroleum Corporation underline the relative scarcity of deals available.

This point is born out by another credit understood to be imminent for Australia's State of Victoria through National Westminster. Despite its unusually long life of 15 years, this \$30m financing also bears fine spreads. They start at ⅜ points over Libor, rising later to ½ point and finally to ⅝.

Meanwhile, Orion is also arranging an A\$40m credit for the State Electricity authority of Queensland. Of the proceeds, A\$8m have been earmarked for use by the Queensland Metropolitan Transit Authority.

The credit will be handled on a club basis. Conditions have not been disclosed though they are understood to involve an unusual combination of floating and fixed rate finance.

Separately, Orion is also to arrange finance totalling some \$80m for the Australian Shipping Commission on undisclosed terms. Proceeds are for the construction of two new bulk carriers.

Dutch builder forecasts major setback

By Charles Batchelor in Amsterdam

PROSPECTS for the Dutch dredging and construction group Volker-Stevin have deteriorated in recent weeks, culminating in the announcement yesterday that a loss could now be expected for 1980.

VS shares were suspended on the Amsterdam Stock Exchange yesterday after the price had fallen to around Fl 38 from Wednesday's close of Fl 45. VS forecast in May that its net profit would fall this year from the Fl 80.5m (\$41m) in 1979. In June it revealed that the decline would be much steeper than originally thought.

Problems have arisen over a pipeline project in Oman which VS expects to complete by the end of this year. In June VS was still optimistic that other projects due for completion in 1980 would compensate for most if not all of the losses on the Oman contract.

But the company has now revealed that the pipeline is progressing so badly that VS will probably move into the red this year. Pipelaying is the smallest of VS's five major divisions, accounting for Fl 297m of its Fl 2.6bn turnover last year.

VS was formed by the merger in 1978 of two independent construction groups, Stevin Groep and Adriaan Volker. Before the merger, both companies had healthy profit records.

ANI sees further rise after record year

By James Forth in Sydney

AUSTRALIAN National Industries (ANI), the engineering group, has raised its dividend after lifting earnings in the year to June by 15 per cent, from A$17.5m to a record A$20.2m (US$23.7m). The result represents the groups thirteenth successive profit increase and the directors are budgeting for another gain in the current year.

The dividend is increased from 11.7 cents a share to 12.6 cents, and is well covered by earnings a share up from 36.2 cents to 40.5 cents. Total sales were 10 per cent higher at A$485.1m.

Tax absorba A$9.94m, compared with A$8.54m in 1978-79, and represents 33 per cent of pre-tax profits rather than the standard Australian company tax rate of 46 per cent. The difference is mainly because of the benefits from investment allowances in Australia and the U.S., lower tax rates in some overseas countries, and the recouping of past tax losses.

The directors say that profits of the steelmark division and the overseas subsidiaries were substantially higher. Increased returns also came from Coates Hire Service, ANI Perkins, and the groups associated companies.

Results from the metal forming divisions were in line with the results achieved last year. As expected, ANI Sargeants produced a slightly lower result than in the exceptional 1978-79 year, and the return from Capitol Motors was also down slightly. Both of these operations had better performances in the second half of the year than in the first six months.

Net assets per 30 cent ordinary share stood at A$2.25 at end June.

Fokker confirms sharp recovery in profits

BY CHARLES BATCHELOR IN AMSTERDAM

FOKKER, the Dutch aerospace group, has confirmed that profits this year will recover sharply. For the first six months net profits are Fls 4.8m ($2.5m), in line with the level of earnings achieved for the whole of 1979.

The company did not produce half-year figures for 1979. Operating profits up to June this year were Fls 7.8m and tax amounted to Fls3m. Sales totalled Fls 462.6m, compared to Fls 965m for 1979 as a whole.

Fokker hinted earlier this year that it would make a net profit of between Fl 10m and Fl 15m for 1980. The first half improvement was due to the favourable ratio between costs and the sale price of new aircraft, it said yesterday.

The company noted that the industry in general was facing a downturn in new orders as the airlines felt the effect of higher fuel prices, the continuing fares battle on longer routes and a limited decline in some markets.

The large orders placed in recent years and the long delivery times of new aircraft have also depressed demand. The sector in which Fokker operates, short- to medium-haul aircraft, had yet to be affected.

Fokker sold 16 turboprop F 27s in the first half of the year, the same number as in the first six months of 1979 but raised sales of the jet F-28.

The company continues to push ahead with the development of the F-29 jet which it hopes to start selling in the mid-1980s.

The Dutch Government has provided finance to take the company up to the F-29 project definition stage by mid-1981. The aircraft's specifications have been further improved, with an increase of 5 per cent fuel economy, while contacts with potential customers have been "positive."

Fokker has made investment commitments totalling Fl 60m in 1980, though not all of the money will be spent this year. The company increased its workforce by 507 to 3,442 in the first half of the year.

Dutch plan accounting changes

BY OUR AMSTERDAM CORRESPONDENT

MANY MORE of the Netherlands' 150,000 private limited liability companies—BVs—will be required to publish detailed accounts under legislation which is now being prepared.

A draft bill submitted to Parliament by Dr. Jacob de Ruiter the Justice Minister, will also set more detailed requirements for the accounting by public limited liability compaines—NVs.

The bill is the Dutch response to the fourth EEC directive on company law which is aimed at harmonising reporting standards throughout Europe. The Netherlands is already preparing two draft bills intended to tighten controls on private limited liability companies.

One bill will make main contractors responsible for subcontractors. Building industry frauds by subcontractors and middlemen have prevented the payment of large sums to the tax authorities and social security agencies in recent years.

A bill is also being prepared which would make managers of both private and ordinary limited liability companies personally responsible for debts run up by their compaines. A worrying number of bankruptcies—of BVs in particular—are known to be deliberate attempts to avoid payments to suppliers or to the tax or social security authorities.

The latest draft bill will require private limited liability companies and co-operative associations to publish accounts unless they fulfil at least two of three conditions. These are: That their assets are less than Fl 3m ($1.5m), net turnover is less than Fl 6m and they employ fewer than 50 people. Smaller companies and co-operatives will be required to file abbreviated accounts.

All companies will in future have to provide more details of their assets and of subsidiaries in which they own 20 per cent or more. They will also have to provide a geographical breakdown of sales and report the size of their workforce. Rules covering the valuation of assets have also been expanded.

Humes lifts earnings

By Our Sydney Correspondent

HUMES, the pipe group, has increased its dividend after a 12 per cent lift in profit, from A$11.0m to A$12.35m in the year to June. The dividend is raised from 7.5 cents a share to 8 cents, and is covered by earnings of 16.4 cents, compared with 14.6 per cent in 1978-79.

Growth in Australian and Far Eastern sales and contributions from newly acquired subsidiaries helped offset a decline in British sales.

Major rights from Volksbank

BY JOHN WICKS IN ZURICH

SWISS VOLKSBANK, Switzerland's fourth largest bank, plans to raise SwFrs 112m ($70m) through an issue of non-voting participation certificates.

The bank intends to issue 1m certificates with a nominal value of SwFr 50. Of these, 750,000 will be offered by way of a rights issue to existing holders on a one-for-one basis at SwFr 95 each. The remaining 250,000 certificates will be available for free subscription at SwFr 165 each. Both transactions will take place between October 21 and November 4.

Volksbank, which has the legal form of a co-operative, has hitherto issued only so-called "co-operative shares," common stock with normal bourse listings. The need to expand the stock base over the present SwFr 375m capital arises from a sharp expansion in business. A substantially higher equity ratio "has become necessary."

Balance sheet total has risen from SwFr 15.21bn to SwFr 16.96bn ($10.4bn) during the first six months of 1980.

● A rights issue is also proposed by Banca Della Svizzera Italiana which is to raise SwFrs 44m through a one-for-five offering in bearer and registered shares.

The Lugano bank, which intends to apply for stock exchange listing before the end of this year, booked a 24 per cent rise in balance-sheet total over the six months to mid-1980 to some SwFr 3.6bn ($2.2bn). Earnings were up and on growth target in almost all spheres of activity. After the rights issue, total capital resources will be of SwFr 308m.

Murray & Roberts ahead

BY OUR JOHANNESBURG CORRESPONDENT

MURRAY AND ROBERTS, South Africa's largest civil engineering and construction group, increased its trading profit by 31.3 per cent to R34.7m ($46.1m) in the year ending June 30, from R26.4m in 1978-79. Earnings per share amounted to 104 cents against 84 cents, while dividends totalled 34 cents against 29.5 cents.

The trading profit includes R1m, compared with R763,000, from the sale of investments, and R2.5m, against R226,000 from the divesting of certain properties and fixed assets.

The directors warned in the half-year statement that profits would suffer because of a "substantial loss" on the contract to supply and erect the structural steel works at the Koeberg nuclear power station near Cape Town. The loss has, they say, been fully provided for through to the completion of the contract. In addition, shareholders earnings have been adversely affected by an increased tax rate, up to 32 per cent from 29 per cent, with the withdrawal of investment allowances on construction plant and equipment.

This year the group is to continue its policy of selling properties, so a significant surplus could again be reported in view of rising property prices in South Africa.

WORLD STOCK MARKETS

Wall St. mixed at mid-session

AFTER FURTHER advancing at the opening yesterday, Wall Street stocks receded on profit-taking to make a rather mixed showing at mid-session after extremely heavy early trading.

The Dow Jones Industrial Average was a net 0.85 off at 960.41 at noon, after rising to 967.49 at 11 am. The NYSE All Common Index was unchanged at $74.57, after reaching a record $74.95, while gains retained only a small lead over declines at mid-session. Turnover further swelled to 37.19m shares from Wednesday's mid-day level of 32.35m.

Analysts said stocks were initially continuing to be propelled by the influx of institutional money into the market, but profit-taking later set in. They said investors are shrugging off the Saudi Arabian oil price increase because other producers have frozen prices, and the rise will only add about 1 cent per gallon to the price of petrol.

Schlumberger lost 2¼ to $149¼. The company has agreed to buy Manufacturing Data Systems for about $190m in stock.

Pillsbury picked up ⅜ to $41⅞ after reporting higher first-quarter earnings and predicting higher net for the year.

Procter and Gamble receded 1⅛ to $77⅜. Actively-traded IBM dipped ¼ to $67 on volume of 724,000 shares, including a block of 340,000.

THE AMERICAN SE Market Value Index was down a net 0.58 at 343.14 at noon after an early 2.90 rise. Volume 4.63m shares (4.02m).

Dome Petroleum shed 2¼ to $68¼ and Crestmont Oil $2 to $23¾, but North American Royalties put on 1½ to $36.

Canada

Market in Canada were also mixed after an active morning session. The Toronto Composite Index eased 3.3 to 2,339.9 at mid-day, while Golds lost 35.2 to 5,813.4 and Oil and Gas 36.9 to 4,646.4, but Banks gained 0.64 to 382.57.

Closing prices for North America were not available for this edition.

Hong Kong

ANOTHER STRONG performance by Jardine Matheson led the market further ahead yesterday to a new seven-year high, writes our Hong Kong Correspondent, before profit-taking pared the gains. The Hang Seng index climbed 18.09 more before coming back to record a net rise of 8.93 at 1,253.76. This is the highest closing level since a brief rush in 1973 took the index to almost 1,800. The combined turnover on the four exchanges came to HK$676.72m the heaviest also for seven years and well above Wednesday's HK$533.17m.

Jardine gained 90 cents more to HK$26.30 for a rise so far this week of HK$4.20. The stock began to climb sharply after the company announced a share swap on September 5 with Hong Kong Land, and its gains this week have rested in part on expectations of good interim results and speculation that it may become a take-over target. There have been rumours that Chinese interests were buying shares to gain more control of Jardine. HK Land added 20 cents at HK$17.70.

Late profit-taking was prompted by the approach of Typhoon Percy, which could disrupt tradin gtoday and leave investors with positions ahead of a bank interest fixing meeting on Saturday.

HK Bank put on 30 cents to HK$17.80, Hutchinson Whampoa 40 cents to HK$13.10 and China Light 50 cents to HK$21.50, but HK Wharf shed HK$2 more to HK$92.50.

Germany

After an early buying spree, spurred by the overnight Wall Street upsurge, Bourse prices declined and the market stayed quiet with an easier appearance on balance until news of the Bundesbank's surprise decision to cut the Lombard rate to 9 per cent from a previous 9.5 per cent.

The announcement triggered buying activity, centred on Banks, which are seen as benefiting from the loosening of credit. This left the market firmer for choice on the day.

Deutsche Bank gained DM 3.30, Commerzbank DM 1.80 and Dresdner Bank 60 pfennigs.

Stores continued to pick up strongly, Kaufhof rising DM 7, but Motors were mostly lower, Volkswagen losing DM 2.20 and Daimler DM 2.50. Volkswagen announced a decline in profits for the first seven-months.

The Domestic Bond market responded quickly to the Bundesbank's decision to cut the Lombard rate. Public Authority Loans recovered as much as 70 pfennigs and the Bundesbank sold DM 6.2m nominal of paper.

Tokyo

The market initially moved higher, backed by further strong foreign buying for Light Electricals and some other Blue Chips and export-orientated issues, but later profit-taking left the market overall with an easier bias on balance.

The Nikkei-Dow Jones Average attained a new all-time high of 7,048.76, before ending a modest 4.33 up on the day at 7,035.84. The Tokyo SE index was still a net 0.59 higher at 486.70, although falls outscored gains at the close on the First Market section by 393 to 280.

Among Light Electricals, Sony, further buoyed by the strong third-quarter performance, advanced Y200 more to Y3,490. TDK added Y30 at Y3,120 and Alps Electric Y40 at Y1,120, but Pioneer Electronic relinquished Y50 to Y2,410 and Victor the same amount to Y2,000.

Milan

Stock prices were sharply higher in the first session of the new monthly Account, with trading heavy as a result of speculative activity and investment orders. The Banca Commerciale Italiana index rose 4.31 to 134.38, a new 1980 high.

Demand was focused on the large Industrials and on issues of the Invest group, which includes Beni Immobili Italia, Miralanza and Saffa.

In the Industrial sector, Fiat climbed L100 to L2,190 on rumours that next Tuesday's board meeting might decide on a L500bn capital increase.

Australia

Markets staged a fresh advance, partly fuelled by some strong buying by UK investors, but closed below the day's best. The Sydney All Ordinaries index gained 7.14 to set a new closing record peak of 994.62. The Metals and Minerals index put on 64.41 to 6,570.16.

The higher London Bullion price gave Gold shares an early boost, but there was little or no follow-through as the price of gold in New York and Hong Kong failed to match those of London and Zurich. Gold leaders managed to hang on until the close, but speculatives came in for some heavy selling in the second session.

Among Golds, Central Norseman were firm at A$12.50, but Emperor, after the recent upsurge, lost 15 cents to A$3.95.

A shortage of first-class scrip in London was a booster for stocks like MIM, CRA, Utah, Bougainville and BHP.

With the end of Asarco take-over rumours, MIM was priced on the strength of its silver interests once again, as was Aberfoyle. MIM closed at A$6.00 for a 10 cents gain, while Aberfoyle moved up 30 cents to A$9.10. Bougainville put on 10 cents to A$2.50, and CRA 6 cents to A$6.46, Coal issue Utah 14 cents to A$5.70 and North Broken Hill 10 cents to A$4.20.

Johannesburg

Golds closed mixed to easier after fairly low volume. Heavyweights were around 50 cents lower, while Mediums and Lightweights mainly shed between 10 to 50 cents, but some issues scored gains of up to 50 cents.

Mining Financials and Platinums also drifted easier.

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, September 17, 1980. The Exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	44.00
Albania	Lek	4.2251
Algeria	Dinar	3.8325
Andorra	French Franc	4.1405
	Spanish Peseta	73.335
Angola	Kwanza	27.627
Antigua	E. Caribbean $	2.7025
Argentina	Argentina Peso	1916.50
Australia	Australian $	0.8546
Austria	Schilling	12.51
Azores	Portug. Escudo	49.57
Bahamas	Bahamian $	1.00
Bahrain	Dinar	0.3778
Balearic Isles	Spanish Peseta	73.335
Bangladesh	Taka	14.7245
Barbados	Barbados $	2.01
Belgium	B. Franc (C)	28.57
	B. Franc (F)	28.815
Belize	Belize $	2.00
Benin	C.F.A. Franc	207.025
Bermuda	Bda $	1.00
Bhutan	Indian Rupee	7.72
Bolivia	Bolivian Peso	25.00
Botswana	Pula	0.7808
Brazil	Cruzeiro	68.64
Brit. Virgin Isles	U.S. $	1.00
Brunei	Brunei $	2.114
Bulgaria	Lev	0.879
Burma	Kyat	6.7271
Burundi	Burundi Franc	90.00
CamarounRepub'c	C.F.A. Franc	207.025
Canada	Canadian $	1.1558
Canary Islands	Spanish Peseta	73.355
Cape Verde Isle	Cape V. Escudo	35.51
Cayman Islands	Cay. Is. $	0.835
Cent. Af. Rep.	C.F.A. Franc	207.025
Chad	C.F.A. Franc	207.025
Chile	Chilean Peso (O)	39.00
China	Renminbi Yuan	1.4907
Colombia	Col. Peso (O)	47.70
Comoros Islands	C.F.A. Franc	207 025
Congo (Brazaville)	C.F.A. Franc	207.095
Costa Rica	Colon	8.57
Cuba	Cuban Peso	0.707
Cyprus	Cyprus Pound	0.3513
Czechoslovakia	Koruna (O)	6.50
Dem. Rep.S'oTome & Principe	S. Tome Dobra	34.1936
Denmark	Danish Krone	5.50
Djibouti Rp. of	Djibouti Franc	175.277
Dominica	E. Caribbean $	2.7086
Dominican Repub.	Domin'cn Peso	1.00
Ecuador	Sucre	28.10
Egypt	Pound (3)	0.69
El Salvador	Colon	2.50
Equatorial Guinea	Ekuele	73.365
Ethiopia	Birr (O)	2.0855
Faroe Islands	Danish Krone	5.50
Falkland Islands	Falkland Is. £*	2.3905
Fiji Islands	Fiji $	0.8031
Finland	Markka	3.636
France	French Franc	4.1405
French C'ty in Af.	C.F.A. Franc	207.025
French Guiana	Local Franc	4.1405
French Pacific Is.	C.F.P. Franc	73.6248
Gabon	C.F.A. Franc	207.026
Gambia	Dalasi	1.6733
Germany (East)	Ostmark (O)	1.7812
Germany (West)	Deutschemark	1.7812
Ghana	Cedi	2.75
Gibraltar	Pound*	2.3905
Gilbert Is.	Kiribati	0.8545
Greece	Drachma	42.475

COUNTRY	CURRENCY	VALUE OF DOLLAR
Greenland	Danish Krone	5.50
Grenada	E. Caribbean $	9.7025
Guadaloupe	Local Franc	4.1405
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	35.249
Guinea Republic	Syli	16.6537
Guyana	Guyanese $	9.5798
Haiti	Gourde	5.00
Honduras Repub.	Lempira	2.00
Hong Kong	H.K. $	4.9435
Hungary	Forint (O)	32.6022
Iceland	I. Krona	519.50
India	Ind. Rupee	7.72
Indonesia	Rupiah	625.00
Iran	Rial	70.00
Iraq	Iraq Dinar	0.2953
Irish Republic	Irish Punt*	2.1175
Israel	Israeli Pound (4)	56.14
Italy	Lira	848.15
Ivory Coast	C.F.A. Franc	207.025
Jamaica	Jamaican Dollar	1.7836
Japan	Yen	911.47
Jordan	Jordan Dinar	0.291
Kampuchea	Riel	n.a.
Kenya	Kenya Shilling	7.2997
Korea (Nth)	Won	0.94
Korea (Sth)	Won	604.00
Kuwait	Kuwait Dinar	0.2672
Lao P'ple D. Rep	Kip of Lib.	15.00
Lebanon	Lebanese Pound	3.428
Lesotho	Loti	0.7539
Liberia	Liberian $	1.00
Libya	Libyan Dinar	0.2961
Liechtenstein	Swiss Franc	1.6305
Luxembourg	Lux Franc	28.57
Macao	Pataca	6.305
Madagascar D. R.	MG Franc	207.026
Madeira	PortugueseEscudo	49.67
Malawi	Kwacha	0.7981
Malaysia	Ringgit	2.117
Maldive Islands	Mal Rupee	3.93
Mali Republic	Mali Franc	414.05
Malta	Maltese Pound	0.3426
Martinique	Local Franc	4.1405
Mauritania	Ouguiya	41.405
Mauritius	M. Rupee	7.5556
Mexico	Mexican Peso	22.99
Miquelon	French Franc	4.1405
Monaco	French Franc	4.1405
Mongolia	Tugrik (O)	3.3555
Montserrat	E. Caribbean $	2.7025
Morocco	Dirham	3.8496
Mozambique	Moz. Escudo	28.3204
Namibia	Rand	0.7539
Nauru Is.	Aust. $	0.8546
Nepal	Nepalese Rupee	12.00
Netherlands	Dutch Guilder	1.9365
NetherlandAntilles	Antillian Guild	1.80
New Zealand	NZ $	1.0134
Nicaragua	Cordoba	10.00
Niger Republic	C.F.A. Franc	207.025
Nigeria	Naira (O)	0.5443
Norway	Norw'g Krone	4.819
Oman, Sultanate of	Rial Omani	0.3455
Pakistan	Pkst. Rupee	9.91
Panama	Balboa	1.00

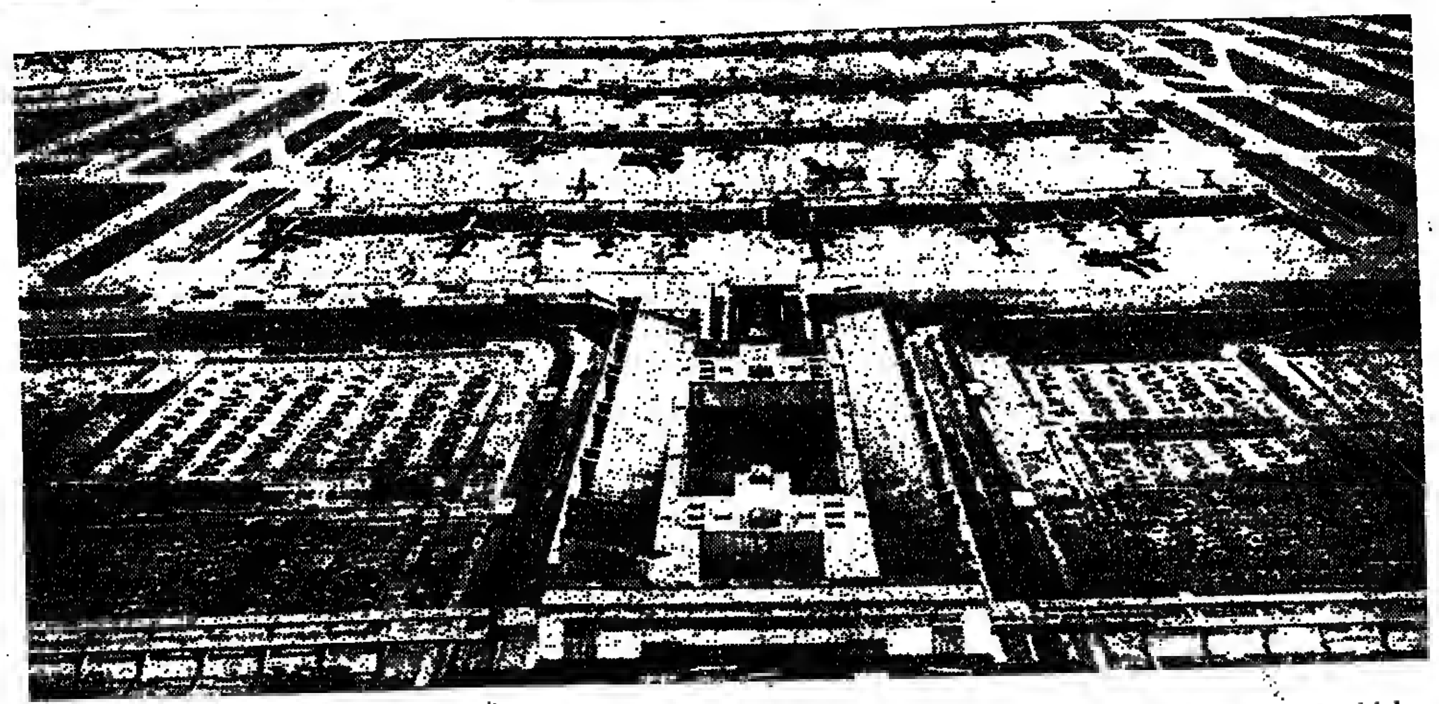
COUNTRY	CURRENCY	VALUE OF DOLLAR
Papua N.G.	Kina	0.6538
Paraguay	Guarani	137.30
Peoples D. Repub. of Yemen	S. Yemen Dinar	0.3415
Peru	Sol	293.94
Philippines	Ph. Peso	7.5745
Pitcairn Islands	NZ $	1.0134
Poland	Zloty (O)	31.00
Portugal	Port. Escudo	49.67
Port Timor	Timor Escudo	n.a
Puerto Rico	U.S. $	1.00
Qatar	Qatar Ryal	3.578
Reunion Ile de la	French Franc	4.1405
Romania	Leu	4.47
Rwanda	Rwanda Franc	99.84
St. Christopher	E. Caribbean $	2.7025
St. Helena	Pound*	2.3905
St. Lucia	E. Caribbean $	9.7025
St. Pierre	Fr Franc	4.1405
St. Vincent	E. Caribbean $	2.7025
Samoa American	U.S. $	1.00
San Marino	Italian Lire	848.15
Saudi Arabia	Saudi Riyal	3.3198
Senegal	C.F.A. Franc	207.025
Seychelles	S. Rupee	3.5762
Sierra Leone	Leone	0.8366
Singapore	Singapore $	8.114
Solomon Islands	S.I. $	0.8546
Somali Republic	Som. Shilling	6.0241
South Africa	Rand	0.7539
Spain	Peseta	73.355
Spanish Ports in North Africa	Sp. Peseta	73.355
Sri Lanka	S. L. Rupee	15.92
Sudan Republic	Pound (2)	0.50
Sudan Republic	Pound (1)	0.80
Surinam	S. Guilder	1.80
Swaziland	Lilangeni	0.7539
Sweden	S. Krona	4.149
Switzerland	Swiss Franc	1.6305
Syria	Syria Pound	3.9262
Taiwan	New Taiwan (O)	36.00
Tanzania	Tan Shilling	8.1898
Thailand	Baht	20.50
Togo Republic	C.F.A. Franc	207.025
Tonga Islands	Pa'anga	0.8546
Trinidad & Tob.	Trin. & Tob. $	2.4063
Tunisia	Tunisian Dinar	0.3965
Turkey	Lira	80.00
Turks & Caicos	U.S. $	1.00
Tuvalu	Australian $	0.8546
Uganda	Ug. Shilling	7.2997
United Arab Emir.	UAE Dirham	3.688
United Kingdom	£ Sterling*	2.3905
Upper Volta	C.F.A. Franc	207.085
Uruguay	Urug. Peso	9.38
U.S.S.R.	Rouble	0.643
Vanuatu	Aust. $	0.8546
Vanuatu*	FNH (5)	66.9118
Vatican	Italian Lira	848.16
Venezuela	Bolivar	4.2937
Vietnam N.	Dong (O)	2.18
Virgin Islands U.S.	U.S. $	1.00
Western Samoa	Samoan Tala	0.8795
Yemen	Rial	4.57
Yugoslavia	New Y. Dinar	27.55
Zaire Republic	Zaire Zaire	1.9766
Zambia	Kwacha	0.774
Zimbabwe	Zim $	0.6935

n.a. Not available. * U.S. dollars per National Currency unit. (O) Official rate. (C) Commercial rate. (F) Financial rate.
(1) Sudan—Official rate for specified exports and imports. (2) Sudan—Official rate for all transactions except specified exports and imports.
(3) Egypt—A different rate applies to certain transactions with non-IMF countries.
(4) Israeli Government are changing their currency to Shekels. However dealers are currently quoting in pounds.
(5) New Hebrides Independence 30/7/80 now named Vanuatu.

FINANCIAL TIMES SURVEY

Friday September 19, 1980

Georgia



In a region of the U.S. where every State claims to be booming, Georgia is doing better than most. Furthermore, its role as the communications hub of the south-east was underlined by the opening in Atlanta, yesterday, of what is said to be the world's largest air passenger terminal.

Opened yesterday—Atlanta International Airport's new passenger terminal, described as the largest complex of its kind in the world, with a capacity for handling 55m passengers a year. The complex is just a mile away from the original terminal which accommodates 42m passengers a year, making it the second busiest in the world. Passenger traffic increased last year by 14 per cent

State's symbols of success

By David Lascelles

GEORGIA, FAMED abroad for a White House incumbent, peanuts, and Scarlett O'Hara, presents a somewhat different image from the millions who actually go there for business or pleasure, or simply to change planes (which is what thousands have to do every day, whether they like it or not).

Today, Georgia prefers to be known for its booming economy, its concern for peaceful race relations in a region still liable to explode in rioting, and its growing international links. Eschewing the peanut connection, Georgia also prefers to be known as "The Peachtree State," a name which evokes both its gentle countryside and the bustle of Peachtree Street in Atlanta, its capital, where concrete and glass towers have come to symbolise Georgia's new place in the world.

Rich though Georgia's past may be, most of the talk these days in government halls, corporate suites and out in the mushrooming suburbs, is about where Georgia goes next: who is building what, which company is planning to move in—all conducted in tones made famous by President Jimmy Carter, a drawl that transforms a phrase like the City of Atlanta into *the siddy of Adlanna.*

Inevitably, the link with the Carter administration is strong. The State Governor, George Busbee, is a Carter Democrat, and the White House is heavily staffed with Georgians. But Georgia makes little of this in its everyday discourses. If anything, prominent businessmen and politicians try to dispel the idea that their State has enjoyed any special favours.

"The best thing President Carter did for us was tourism," commented one of them, referring to the millions of curious sightseers who have made the pilgrimage to Plains in the last few years. Others add that much of the good Mr. Carter did for Georgia by putting it on the map was undone by other prominent Georgians, such as Bert Lance and Billy Carter. Mr. Carter is also wary of the charge of favouritism, judging by his acquiescence to proposals to end Federal subsidies for the hard-pressed peanut industry.

Philosophy

Underneath it all, one suspects that Georgia shares the American philosophy that all publicity is good publicity, particularly if it brings in business, which it has on an unprecedented scale.

In a region where every State claims to be booming, Georgia is doing better than most. It may not match Texas, but then it has no oil and gas. And if the pace has been slower than Florida's, Georgia does not—for the time being, at any rate—aspire to being a major tourist resort, nor is it yet as well-equipped as Miami for the hurly burly of international trade and finance.

But Georgia compares favourably with other nearby States, such as the Carolinas, Alabama and Mississippi, many of which are still hobbled by old fashioned industries, and none of which have been able to match Georgia's role as the communications hub of the south-east, a role which is underlined by yesterday's opening of the huge new terminal at Atlanta Airport, one of the largest in the world.

Harmony is a word one hears a lot, whether to describe the common aspirations of business and Government, or relations between Whites and Blacks, who make up half of Atlanta's population. It may be over-used, but it comes as a jolt t hear it at all in a country where most of the talk is about social tensions, industrial decline, and the gap between government and governed.

Modern-day Georgia is still sufficiently young for its various constituencies to have common goals. The economic boom owes a lot to the consensus between business and the State capitol on the need for as much investment and as little government as possible.

This consensus, which goes back several governorships and has become something of a tradition, is being fostered by Gov. Busbee, a lean and active politician who spends much of his time winging around the world, wooing investment. He claims to have raised about $1.5bn abroad, and considerably moe at home. Apart from drinks and tobacco, Georgia has not increased any important tax rates for 20 years, another matter of some pride in the State capital.

Down at the port of Savannah, the trade volume is among the fastest-growing in the U.S., an indication of Georgia's increasing links with points beyond its borders. About 450 foreign enterprises have set up offices or industrial facilities in Georgia, and a lot of farmland has passed under foreign control—something that alarms local farmers, though Gov. Busbee has managed to head off demands for an outright ban on foreign ownership along the lines of recent legislation passed in Oklahoma.

The economic going has not always been smooth, though. Georgia got carried away by the early 1970s, and came a heavy cropper in the last recession, mainly because the construction industry was badly over-extended. It has been careful not to repeat the mistake this time round.

But even as the fruits of prosperity piled up, the call was made for a fairer distribution between Black and White. Although Atlanta features a rare thing for urban America, a relatively prosperous Black suburb, there was still a strong enough wave of discontent early in the 1970s to sweep to power the city's first Black mayor, Maynard Jackson, who is now approaching the end of his second — and last — term.

Minorities

Mayor Jackson claims flatly: "We have the best race relations of any major city in America." But he has actively practised what he calls "the politics of inclusion" to draw minorities into public affairs.

"Previously, there were only two chairs at the table of Government, the city and big business. Now we have the minorities, women, the senior citizens and others, too."

He has also channelled more business the Blacks' way, particularly contracts for the new airport. This has irritated the local business community, but Mayor Jackson insists that what he is doing is truly practical and also morally right.

At the same time, City Hall has been trying to repair the damage to its image wrought by a serious and much-publicised crime wave which hit Atlanta over the past couple of years and threatened to kill the lucrative convention business. The City and State Governments launched a joint offensive which has reduced the violence and choked the jails.

"Be a crime fighter, not a statistic," urges a large sign at the entrance to City Hall, where security experts offer advice on crime prevention.

But the crime scare is one of the few blots on a landscape that looks remarkably healthy, even by sunbelt standards. In a State that extends from the Appalachian Hills down to the elegant period streets of Savannah, there is a striking sense of purpose which is bringing prosperity and, as yet, relatively few of the problems that clutter life further to the north. Atlanta may eventually find itself "the hole in the doughnut," as business and people move out to the suburbs, although a brand new rapid transit system (itself touted as an example of how well Georgia can cope), should help check that tendency.

The economy is also vulnerable to decisions taken in boardrooms thousands of miles from its borders. On the other hand, some corporations have been sufficiently impressed to move their headquarters to the State—probably as good a recommendation as anyone could wish for.

CONTENTS

Atlanta shows few signs of recession

GEORGIA has not been immune to the recession which has swept the U.S. this summer, but it has certainly not suffered as badly as some of the older industrialised states in the north and east. Indeed, the decline has been somewhat more shallow and unemployment more mild then the national average.

Strolling through downtown Atlanta, with its busy construction sites and gleaming office blocks, one would be hard put to imagine there was a recession at all. A stroll through the centre of Dalton, 100 miles to the north-west, might tell a different story: the "carpet capital of the world" has borne the brunt of the slump in home-building, and is anxiously awaiting the recovery.

Georgia skirted the worst of the recession, thanks partly to the dynamism it developed over the past 10-20 years, an era in which it rode the sunbelt boom as money and people deserted the chilly, decaying north for the warmth and open spaces of the south. But it also owes something to the State's economic profile: its relative lack of dependence on cyclical industries such as steel, durable goods and cars, and the strength of its service sector, mainly communications.

Employment growth, one of the main economic yardsticks used in the State, was well above the national average in the 1970s: 3.5 per cent a year in the non-farm sector, against 2.5 per cent, nationally. In the south-east economic grouping to which it belongs, Georgia's performance is middling, behind booming Florida, on a par with the Carolinas, but ahead of Alabama and Mississippi, both of which are more closely linked to heavy industry.

Georgia was historically a farming state. But it traces its present-day prosperity to its geographical location which made it an important crossroads. Highways, railways, and now airlines have all found it a useful interchange.

GEORGIA'S GROSS STATE PRODUCT

	\$m, 1978 figures	Comparison with 1972, \$m
Mining	309.4	116.9
Construction	2,013.3	1,250.5
Manufacturing	9,724	6,526.2
Trade	9,043.2	5,996.8
Transportation, Communication and Public Utilities	4,808.7	3,332.4
Finance, Insurance and Property	6,594.6	4,771.8
Services	5,567.2	3,503.6
Government	5,175.3	3,371.5
Farm	1,267.9	1,014.3
TOTAL	44,503.6	29,884.0

Source: Division of Research, College of Business Administration, University of Georgia.

Apart from spawning an important transport industry in its own right, this has more recently encouraged businesses to set up their regional headquarters in the State. Atlanta airport boasts departures that will transport travellers to every important U.S. business centre by 9 am, a claim which perhaps only New York can match.

Significant

The airport has just been expanded at a cost of \$½bn to make it capable of handling the largest volume of traffic of any airport in the U.S. The expansion is of enormous significance to the State because it guarantees Atlanta's role as the communications hub of the south-east. All the gates at the new terminal buildings were snapped up by eager airlines, three years before the scheduled opening date.

The airport will employ about 36,000 people, making it the largest civilian employer in the state. Significantly, the key airlines based at the airport are Delta and Eastern, currently two of the country's more profitable airlines.

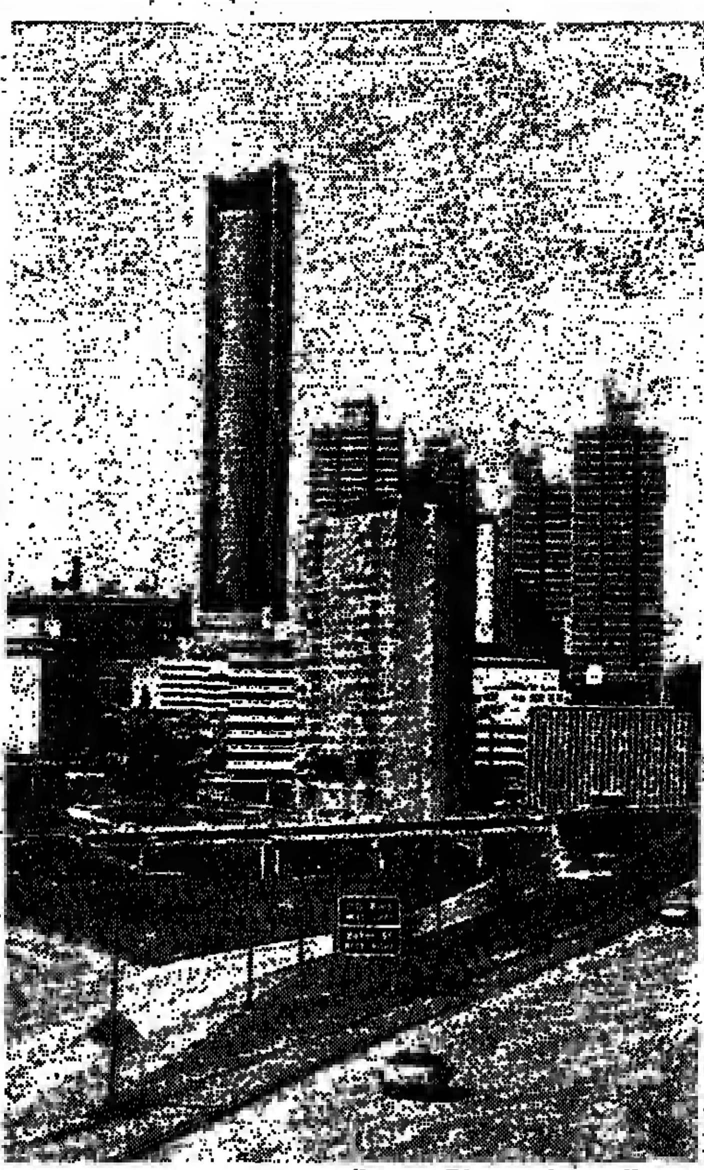
The state's fortunes have been aided by a series of administrations which attached a high priority to economic growth and job-creation. Local businessmen speak well of the state government. The Atlanta property developer, who gestured at the skyline outside his office window and said: "This place was built on a wave of idealism and hope," might be guilty of hyperbole. But one can see what he means.

The Governor, George Busbee, says his most important goal is increasing employment, and he has actively sought investment both from the U.S. and overseas. Georgia's department of industry and trade has offices in Belgium, Brazil, Canada and Japan. The ports authority also has representatives in Germany, Greece and Japan.

Among the attractions he can offer are stable taxes, a good communications infrastructure, a reasonable natural resource base (timber, water, manpower), and a right-to-work law — a euphemism for the virtual absence of trade unions. One of the few things Georgia lacks is a generous domestic energy supply, though it is situated quite close to the rich oil and gas states of Louisiana and Texas.

A key element in the state's fortunes in the past decade was the real estate business, which boomed and over-extended itself in the early years, only to go through a severe bust in the mid-1970s. But the bitter lesson of the 1974-75 recession was not wasted. Property speculation is much more circumspect these days, as indicated in an article on page four.

Compared to services and construction, industrial growth has been somewhat slower. Atlanta is far more notable for its "industrial parks," with their executive office blocks nestling in carefully landscaped woodland, than its factories and assembly plants—though these exist. It is a white-collar, not a blue collar boom. This is something that bothers the Atlanta Mayor, Maynard Jackson, who has launched a job-creation programme of his own, aimed mainly at expanding medium-sized local businesses and giving "quick start" opportunities to the young and unskilled.



The tower of the Peachtree Plaza—the tallest building in Georgia—dominates the Atlanta skyline.

Car plants

Among the biggest industrial facilities are three car assembly plants on the outskirts of the State capital, two belonging to GM and one to Ford.

There is also a budding electronics industry. Elsewhere in the State is the Lockheed military and commercial aircraft plant at Marietta. But this once-major employer has reduced its workforce over the years from 30,000 to 12,000, today. Its future hangs largely on Government contracts. The relatively small role played by manufacturing in the local economy can be gauged by the fact that Atlanta airport is number two in the country for passenger traffic, but number 13 for freight.

Industry's small role probably explains why the recession was slow to reach Georgia. But it still took its toll. All three car plants have been on short time (the situation would have been worse were it not that much of the capacity is geared to producing the more popular small and medium-sized cars). And carpets have had a tough time, too.

The rise in unemployment lagged the national trend, though by late summer it was within half a point of the total U.S. figure of 7.7 per cent. The situation was aggravated somewhat by the severe drought which caused losses of \$½bn to agriculture, though Georgia escaped lightly, compared to the hard-hit States in the middle of the country.

The recovery will be helped to a large extent by the revival of the housing industry. Permits for new homes are rising fast. But on the manufacturing side the heavy out-of-State export orientation of much of Georgian industry means it will have to await the revival of demand elsewhere in the country, before those industries start progressing again.

David Lascelles

FURTHER INFORMATION

Details about business conditions in Georgia can be obtained from: Georgia Department of Industry and Trade, 1400 North Omni International, Box 1776, Atlanta, Georgia, 30301.

A guide to the legalities of foreign investment in the State is available, free of charge, from Hurt, Richardson, Garner, Todd and Cadenhead, at 11, Peachtree Center, Harris Tower, 233, Peachtree Street NE, Atlanta, Georgia, 30303.

Political dichotomy of 'The Peachtree State'

IT HAS been said many times that Jimmy Carter's accession to the presidency, four years ago, marked the coming of age of the Deep South, politically—a symbolic re-admission to the mainstream of American Government of a region long-ostracised and frowned upon.

That Mr. Carter should spring from the red clay country of Georgia was, in itself, symbolic, for there had been few other States in the old confederacy as intimately associated with social backwardness in its attitudes to race as the State which gave prominence to a long line of segregationists from Tom Watson to Lester Maddox. Even Georgia's most notable representatives in Washington, such as the late Senators Walter George and Richard Russell, had, whatever their achievements in the affairs of the nation, little interest in forging social change in their own backyards.

It is easy to ascribe too much significance to the role played by the former Governor Carter in the State's political and social evolution. His term as Governor, from 1970 to 1974, *did* accomplish much, but he was, in effect, presiding over changes that had been in the works before he assumed the State House. Georgia was not alone among Southern States in perceiving that its economic and political future lay in accepting the mandates of the great civil rights legislation of the 1950s and 1960s, pressing ahead and not looking back.

Classically, the state's political structure had always been marked by a dichotomy—between rural Georgia and Atlanta. The countryside looked with profound mistrust on the relative sophistication and modernity of its greatest city, and it was the countryside which tended to produce the State's political dynasties. It was, therefore, less surprising that Atlanta and its immediate environs should prove fertile ground for the new generation of able young black political leadership—most prominently Andrew Young, the former Congressman and Ambassador to the United Nations; Julian Bond, like Young, a civil rights leader and now State Senator; and Maynard Jackson, Mayor of Atlanta since 1974 and, for four years before that, Vice-Mayor.

But two of the State's most prominent politicians, Governor George Busbee, now two years into his second four-year term, and U.S. Senator Sam Nunn, in Washington since 1972, are both products of rural Georgia, with records that belie the traditions of the countryside.

Mr. Busbee is, oddly enough, no particular fan of his predecessor, Jimmy Carter, but the thrust of his Administration is similar to that pursued by President Carter. Its premise is that the racial question is, in effect, settled and that the purpose of State Government should be to further economic development. The success of Georgia, economically, in recent years owes not a little to his leadership.

Sam Nunn, whose political future at a national level seems exceedingly bright, has, like Senator Richard Russell, chosen defence as his area of expertise. His commitment to a strong American military position is very much in line with his Southern heritage, but he has impressed many with the vast knowledge about defence affairs he has acquired in the last eight years.

It is fair to say that he now ranks as the pre-eminent senatorial expert on his subject, whose considered judgment on such issues as strategic arms limitation can carry along a sizeable number of his colleagues.

But one political name indelibly tied to the past, still survives, even if, it appears this year, only tenuously. This is U.S. Senator Herman Talmadge, son of the celebrated Eugene, one of Georgia's great rural populists. A Senator since 1956 and State Governor for six years before that, Mr. Talmadge seemed an enduring fixture on the Washington scene—chairman of the powerful Agricultural Committee, number two on the Finance Committee and, as he demonstrated as a member of the Senate Watergate Investigation, possessed of an acute, questioning mind.

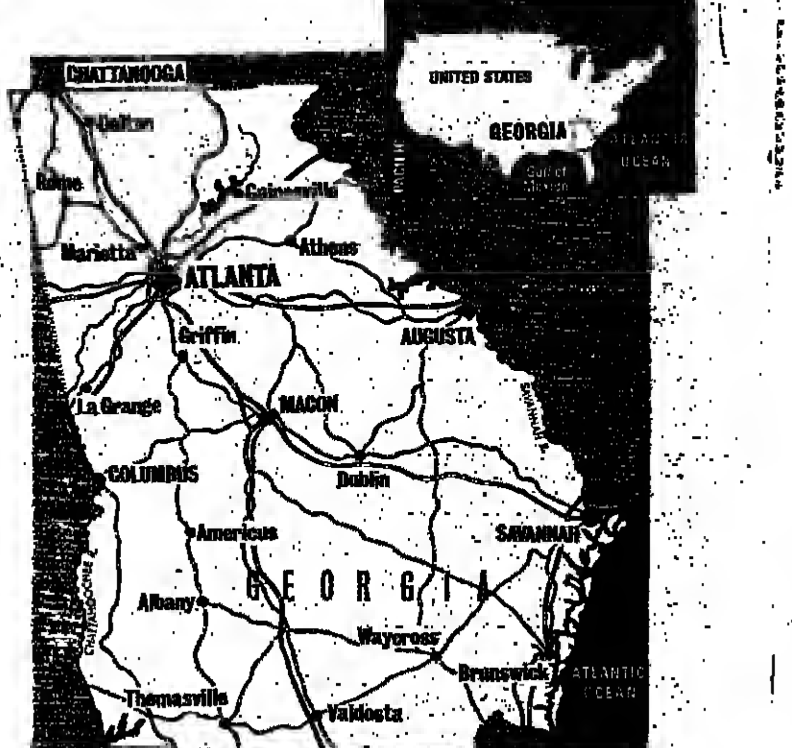
However, he has been touched by scandal in the last couple of years.

Georgia, of course, remains essentially Democratic territory. Only one Republican represents the State in Washington, the bright young rising star, Mr. Newt Gingrich, who took over the seat held for years by congressman John J. Flynt, a victim of the Koreagate scandals.

But, for all the talk of a conservative Republican renaissance in the South and for all the reality that Mr. Carter is not especially popular in his own home State, the President seems assured of the State's support in the presidential election in November.

After all, he was the symbolic leader of the South's (and Georgia's) re-emergence from the political "dark ages" and there is a fair amount of regional pride, discreetly voiced, that he has gone so far.

Jurek Martin



Considerable strength in the financial community

THE HEART of the Georgia financial community is Five Points, a noisy and awkward road junction in central Atlanta, around which stand the tall and stately headquarters of Georgia's big banks: Citizens and Southern, Trust Company of Georgia, First National Bank of Atlanta, First Georgia Bank, Fulton Bank, and others.

But these are only the outward and visible signs of Georgia's banking community. Nestling away in plush, single-storey suites in the surrounding buildings are the local offices of no fewer than 14 foreign banks. And, at an even more discreet distance, lurk the local loan production offices of the big New York and Chicago banks.

It all adds up to a considerable banking presence, not only in terms of financial muscle, but also worldwide expertise.

The bedrock, of course, is made up of the large Georgia banks: they are the only ones permitted under Georgian banking law to open branches and accept deposits. Retail operations are a major source of funds, and with the recent liberalisation of branching laws there is a new trend in expansion through acquisition.

The Georgia banks are, however, a somewhat more sober fraternity today than they were at the beginning of the last decade. The severe property crash brought about by the recession in 1974-75 found most of them badly exposed, and at least one, Citizens and Southern, was in deep trouble. In 1977, two years after the recovery had started, C and S was still in such bad shape that it reported its worst results ever.

Even today, bank books are not clear of bad loans. A group of five banks, led by Morgan Guaranty of New York, which financed the large but problem-plagued Omni complex in central Atlanta is still owed \$85m, and may end up owning the property unless the developers can stump up part of the money early next year. C and S, though, is on the road to recovery. After a big management shake-up in 1978, it turned in record earnings last year.

However, it was a salutary experience, and the banks have been careful to avoid a repeat performance this time round: they have avoided over-exposing themselves to property. The property market has developed at a more orderly pace as a result.

The banks' recovery was aided by the tremendous corporate loan business engendered by the Georgian economic boom, and the regions' chronic shortage of capital. As one banker put it: "Georgia is not like Texas. Most of the capital has to come in from outside."

Apart from aiding the local banks, though, this thirst for capital made Georgia an ideal stamping ground for foreign and out-of-state U.S. banks.

It was the former Governor, Jimmy Carter who first brought together legislation to allow in the foreign banks in 1972. But it proved too narrow, and was liberalised by Governor George Busbee in 1976 to allow foreigners to make loans.

The admission of foreign banks was supported by the local banks even though it was bound to sharpen competition for particular types of business. However, the local banks took the view that there was plenty for everyone, and that a growing international banking presence would actually enhance the Atlanta business scene.

Banking laws

Mr. David Mills, senior vice-president International at Trust Company of Georgia, said: "We figured they (the foreign banks) would bring in more than they could take away."

As State foreign banking laws go, the Georgian system is still comparatively restrictive compared to, say, Florida, New York or California. It does not allow foreign banks to open branches or take in deposits (except in special circumstances). It also debars them from trust operations. However, these are not onerous restrictions since they leave them free to pursue their main interest: corporate lending.

The first foreign bank to take advantage of the new law was Barclays Bank which opened its office in 1976. Its pioneering move was soon followed by 13 more banks from Britain, Belgium, Japan, Switzerland, Holland, Italy, Canada and Germany. And the surge is probably not yet over: the French are still absent, and it is quite possible that another half dozen large international banks will move in before long.

FOREIGN BANKS WITH OFFICES IN ATLANTA

Algemene Bank Nederland; The Bank of Nova Scotia; Barclays Bank International; Canadian Imperial Bank of Commerce.

Commerzbank; Credit Suisse; Kredietbank; Lloyds Bank International; Swiss Bank Corporation.

The Toronto-Dominion Bank; Banca Nazionale del Lavoro; Banco do Brasil; The Bank of Tokyo; Union Bank of Bavaria.

Some of the banks, like the Japanese, arrived on the coat tails of their traditional corporate clients, and have stuck with them. But others saw Georgia as a new market-opening, and have gone aggressively after new business. The British and the Canadian banks are generally reckoned to have made the broadest advances.

Funding themselves largely out of New York, they use Georgia as a base for the eight or so States of the south-eastern U.S., which includes much of the fast-growing sunbelt. A busy calling schedule is the key to breaking into the market.

Mr. David Burke, who has run Barclays operation since it opened, says that his bank quickly achieved its growth targets and is now profitable. He estimates an office needs a loan portfolio of about \$50m, though others say they can manage on less.

Competition between the foreign and local banks has not been head-on. Although both sides speak warily about each other, it is nevertheless evident that there are plenty of ways they can work together advantageously. They might put together a secured loan for which the foreign bank supplies the funds, and the local bank the servicing (something a foreign bank would be unable to do, anyway).

Similarly, a foreign bank might be able to supply an international service to complete a financing package for a local bank whose foreign expertise may be more limited. Foreign banks are also more willing to offer term loans than the local banks.

Ultimately, of course, no bank has exclusive customers: some local borrowers use many banks, and the big ones have no choice but to shop around once they run up against lending limits at their traditional bank.

Another considerable force in the market is the out-of-state U.S. Bank. Citibank of New York, First Chicago and others have loan production offices in or around Atlanta. These can be huge operations (Citibank has a staff of 80 in Georgia), but they keep a low profile to avoid antagonising the local community. Ironically, local banks seem to be on better terms with foreign banks than with other U.S. banks because they pose less of a threat.

Competition

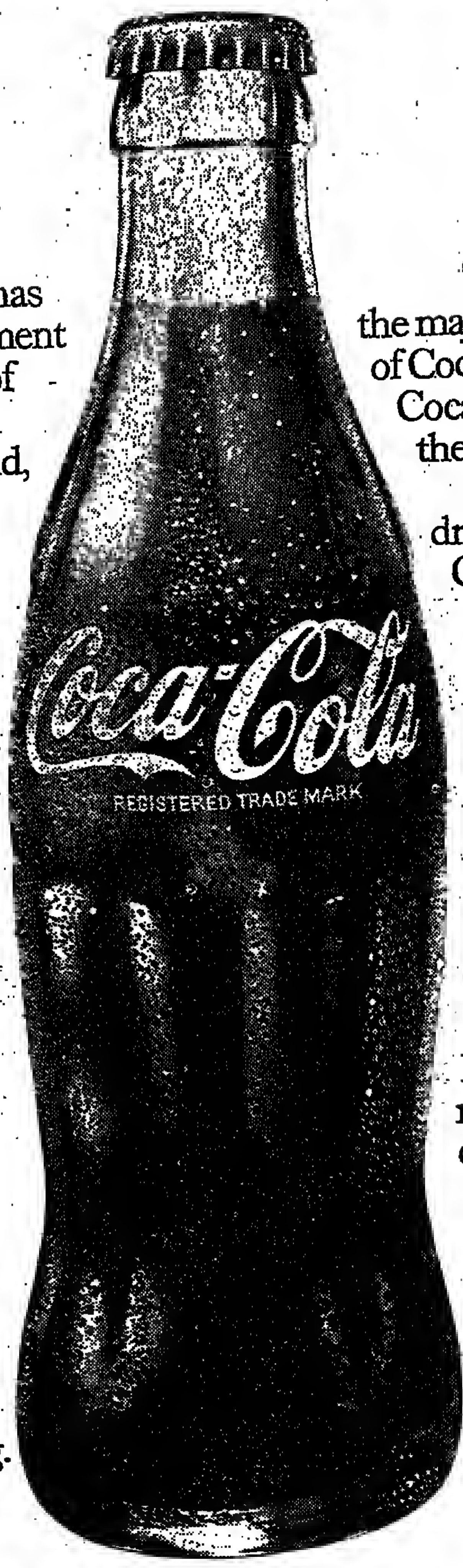
Whether or not outside banks have enhanced Georgia's status as a financial centre, they have certainly been instrumental in bringing down the local cost of money. Lending at less than prime rates has become commonplace as banks compete for business. Not surprisingly, the newcomers have been the most aggressive: generally speaking the Georgian banks have been more reluctant to undercut the prime.

Having won their foothold in the market, though, the foreign banks are already chafing for more. Specifically, they want a new round of liberalisation in the banking regulations to enable them to take deposits locally and employ offshore funds. They have backed these requests with warnings that Miami and Houston already pose a threat to Georgia's financial status.

However, they may be disappointed. For one thing, the local banks feel things have gone far enough for the time being. For another, Gov. Busbee is firmly opposed to further deregulation, and the legislature is unlikely to take the political initiative on its own.

David L

Coca-Cola. Born in Atlanta. Now a partner in local growth the world over.



The success of The Coca-Cola Company has been built not only on the unique refreshment of Coca-Cola itself, but also on a philosophy of commitment to local communities. With local partners in 135 countries throughout the world, The Coca-Cola Company can truly be called a multi-local.

Since 1886, when the citizens of Atlanta first dropped into a neighbourhood drugstore to experience a totally new kind of refreshment, Coca-Cola has grown to be the world's best known, and probably best loved, branded product. But a product which has the happy secret of uniting young and old, of bridging countries, cultures and continents, could not have been the success it is unless it were known to be an integral part of the local economy.

Most bottling plants for Coca-Cola throughout the world are financed, owned and managed by local people under a franchise agreement from The Coca-Cola Company.

The Coca-Cola Company invests: it provides the manpower, technology, experience and expertise to give help to local bottlers and their many local suppliers in technical matters, engineering, quality control, training, distribution and marketing.

The Coca-Cola Company re-invests: the major percentage of profits from the sale of Coca-Cola and the numerous other Coca-Cola Company products remains in the local community.

Whilst Coca-Cola, and other soft drinks, remain the biggest part of The Coca-Cola Company business, the Company's activities extend further. Major research investment into citrus farming, sea harvesting, land reclamation, agricultural efficiency and protein recovery, for example, reflect not only business dynamism and growth, but also practical help to a world which must be fed.

Just as Atlanta and The Coca-Cola Company thrive together, so The Coca-Cola Company and countless other local communities are enjoying the mutual benefits of participation and a common purpose – the enhancement of the quality of life. "Have a Coke and a Smile" is a line used to advertise the world's favourite soft drink. In another light, it is a fair statement of the Company as it stands today – a worldwide business built on friendly, people to people communication.

Enjoy Coca-Cola

Encouraging trends in industrial investment

EARLIER THIS year, Mr. George Busbee, Georgia's suave and effective Governor, made a speech in which he acclaimed a record year in 1979 for the inflow of industry, jobs and money into the State.

The Governor said that new plant investment in the year had totalled $1.5bn, of which $230m had been spent by foreigners, as 34 international manufacturing projects were launched, bringing 3,762 new jobs. In total, 22,000 new manufecturing jobs had been created and overall unemployment was down from 8.6 per cent to 5.1 per cent.

This is the standard impression of the booming south and a picture which Atlanta, Georgia's largest city—with its tube-like Peachtree Plaza Hotel and its remarkable Omni Centre—has come to symbolise. The car plants bave moved south, along with the tyre plants, chemicals industry—and now, it appears, even the "glamour" businesses of computers and communications are choosing to locate their expansion in the south, rather than the traditional centres of the north-east and the mid-west.

Services

However, as with most stories of this kind, this one is only partially true. Professor Albert Niemi, who bas pioneered projects to calculate Gross State Prodnct models (the equivalent of Gross National Product at State level—i.e. the value of sll goods and services produced), has produced convincing evidence to show that far from becoming a booming manufacturing centre, Georgia bas, in reality, become a booming services centre, "growing on the back" of the entire south-eastern region, whose ponulation at over 220m has heen advancing much faster than that of tbe U.S. in general. Georgia's own population has grown by around 10 per cent in tbe last decade.

It is the increase in buying-power from this region which is responsible for the major growth trends in Georgia's output in finance, insurance, real estate, services, transport and communications. Manufacturing is as important for Georgia now as it was 30 years ago—no more and no less.

Thus, the image of people drifting from the land into factories (one which is still current, even in Georgia), is wrong. But that does not mean that manufacturing jobs have not migrated south—they have done so. General Motors and Ford are both active near Atlanta, and so is Lockheed. There are also companies such as Scientific Atlanta, which is one of the country's leading satellite communications firms. But the jobs they have created have only compensated for the loss of jobs in another manufacturing industry, textiles.

"The closest comparison I can find is to the economy of New York City," comments Professor Niemi.

In the past 10 years, Georgia's output in transport and communicationa services has advanced by 71 per cent, against 47 per cent nationally, and 64 versus 40 per cent in other services. One curious aspect of these figures is that output in the Government sector in Georgia actually fell in the decade by 1.9 per cent, compared with 11 per cent national growth — the State's level of bureaucracy having been severely trimmed during the Governorship of Jimmy Carter.

These facts, along with a still rapidly growing population which makes the task of reaching full employment even more difficult, belps to explain why unemployment in Georgia in June, at 7.6 per cent, was only slightly lower than the national average and why, in some southern States (South Carolina, for example, at 8.5 per cent), it was much higher than the national average. These States bave e large employment base in the highly cyclical textile and motor industries, as well as service johs in consumer-spending dependent sectors, such as air travel.

The textile industry developed in Georgia because of the State's long past supremacy in cotton prodnction. Another of the State's important and growing industries, pulp and paper, also bas a strong natural advantage in the vigorous fertility of Georgia's woodlands, wbich are still growing more quickly than the rate of consumption, unlike areas of the western U.S. and in Scandinavia. A symbol of Georgia's up-and-coming position in this industry was the decision by Georgia Pacific to relocate its headquarters from Portland to Atlanta.

Georgia's two other internationally-known companies, Coca-Cola and Delta Airlines, are firmly implemented in the services, consumer soft goods sector in which the State's future appears mainly to lie.

But the fact that manufacturing remains responsible for only a fifth of the State'a output has not hlunted either the need or the effort for creating new manufacturing jobs in the region.

Mr. Milton Folds, the State's industry commissioner, is widely regarded as one of the most experienced professionals in the business—he was previousy involved in industrial promotion work in the Carolinas. He now leads Georgia's industrial development operation.

His selling points to potential newcomers are the area's excellent transport system, its equable climate, the stability of its fiscally conservative government, the low level of its taxes and the fact that Mr. Folds and his staff will do everything possible to match the incentive packages also available in other States on training, tax breaks, site preparation and all the other requirements of industrial development promotion.

The industry commission has offices in Brussels, Tokyo, Sao Paolo and Toronto and boasts that its efforts have helped attract 500 international companies into the State, the majority of them from the UK, Japan, West Germany, Holland and Canada. The State also has offices of 439 of the companles which constitute the Fortune 500 largest corporations in the U.S.

One of the foreign companies is Murata, a small but aggressive Japanese manufacturer of capacitors and other components for the television and motor industries. Morata initially set up a plant near Atlanta in 1973. Mr. Fred Cbanoki, wbo beads the U.S. operation, said the company considered Salt Lake City and Texas before deciding on Georgia, which especially commended itself because of its airport (many lightweight components are airfreighted), and a climate not unlike that of southern Japan, growing population, lower wages and no trade unions.

Stimulated by Governor Busbee's visits to Tokyo, the Japanese have been arriving in droves, setting up plants in Georgia in the electrical and machinery sector. The Japanese, according to Mr. Chanoki, are doing quite well.

He had three applicants for every job be offered and, after initial "teething troubles," his labour turnover of only 3.5 per cent, which is near enough to Japanese levels and which, he helieves, is to be found only in smaller suburbs and leafy towns of the U.S. He pays his 350 people between $3.50 and $4.50 an hour and finds that, in return, be receives productivity of "about 80 per cent" of what he would expect in Japan. For what it is worth.

Meanwhile, the "engine" at the centre of this growth is the metropolitan area of Atlanta, a city of less than half a million people, of whom more than half are black. Surrounding the metropolis are miles of very attractive suburbs, occupied by a further 1.5m people.

One of the problems for the industrial developers is that most of the "out-of-towners" want to live within easy distance of Atlanta's services, rather than out in the country, where towns such as Macon are still very short of jobs as they emerge from an era dominated by agriculture and textiles.

Mr. Tom Williams, chairman of the First Atlanta bank and this year's Atlanta Chamber of Commerce president (a matter-of-fact man, not given to the excesses of sloganeering), thinks that Atlanta does have the opportunity to become "a major business centre of the world . . . if we work hard."

He also thinks the city has matured beyond the fhe grandiose fantasies which created the massive Omni International Centre.

"The days of the big, spectacular city-within-the-city structure are over, if they were ever appropriate," he says.

Ian Hargreaves

Property sector recovering strongly

OMNI INTERNATIONAL—one of the more spectacular office-hotel-retail megastructures in central Atlanta—cbanged its marketing strategy this year.

The cbange was a sound business judgment based on the realities of its market. But it was also symbolic of basic changes that bave occurred in the commercial property market of central Atlanta—a sector whose performance is crucial to the overall economic bealth of this growing regional capital.

In a sense, Omni International is the metropolitan aree's property market in microcosm, representing both the best and the worst experience of that market in the boom-bust-boom era that just ended, and the promise of its future in the 1980s.

On the "best" side, Omni International is architecturally stunning, a mixed-use development representing a self-contained environment close to the city's Omnl sports and entertainment arena, and also edjacent to the Georgia World Congress Centre—a $35m State-owned conventiou and exhibition centre that catapulted Atlanta into the front ranks of the nation's convention cities.

Originally conceived as e prestige address, Omni International features a world-class hotel thet boasts one of the best—if not the hest—occupancy rates in town, as well ss a retail mall intended as an exclusive, high-fashion shopping area for botb visitors and local residents with one-of-a-kind sbops.

Alas, Omni International has nnt lived up to its original promise—not because it was not brilliantly executed, but because the market was never there in the first place, and because it was located in one of the least promising corners of a central bosiness district that was itself to undergo a decade of crisis as Atlanta transformed itself into a sprawling suburban community.

Now, the owners and msnagers of Omni International have abandoned what one observer called "its elitlst image" in favour of courting middle-class suburban families with a $1.2m promotional campaign that is sbowing positive results. The complex still bas Hermes and Givenchl sbops, but Lanvin and Pucci are long gone, as well as otber exclusive ontlets that have given way to retailers catering to a broader market.

Where Omni International is most symbolic of Atlanta's recent property bistory was in its financing: it was erected on speculation in the early 1970s, a period of euphoria in a community with a self-proclaimed title as "The Wold's Next Great City."

Who could dream that new tenants would not be breaking down the doors at Omni International—and all the other speculative buildings that were constructed in the same era?

Who could have forseen the worst recession in 40 years, which hit the nation in 1973, but spared Atlanta for another year before crashing down with catastrophic results that bave left their traces ever since?

Burden

Atlanta's property market was burdened with too many office buildings, as well as too many single-family houses, condominiums, warebouses and industrial properties and too many hotel rooms (for a time), furthermore there was too mncb raw land bought on speculation for that "golden future" that never came.

And when the 1974-75 recession came—belatedly to Georgia—it took a beavy toll. Markets dried up, and builders, faced with declining cash flows, defaulted right and left. Bankruptcies soared. And lending institutions — especially property investment trusts and commercial banks—foreclosed on hundreds of millions of dollars worth of property. One Atlanta bank alone, Citizens and Southern National, carried $212m in non-earning assets in 1977, the year it posted a $7.8m loss that resulted in sweeping changes in top management.

Since that disastrous period, Atlanta's property sector bas recovered strongly and entered a new decade with the sober expectation that another boom lies ahead that will rival the late 1960s and early 1970s—without the fantasies that might lead to another speculative frenzy. For one thing, lending institution'a bave cracked down in self-defence, insisting on "a piece of the ection" in the fnture, lest they are faced again with non-earning property.

Although the 1980s opened with another recession, Atlanta's property and construction sectors showed every evidence of only minimum vulnerability:

A section of the Omni International Centre. Basketball fans watch the Harlem Globetrotters perform for a televised "Wide World of Sports" programme

- Builders had been so engrossed absorbing existing property that they did not have a chance to create another surplus. Indeed, the office, housing and botel markets are likely to go through a period of scarcity before demand and supply even out again.
- Atlanta's growth curve, which was one of the highest in the U.S. during the 1960s, inevitably levelled off.
- Nevertheless, demand has remained strong, in housing, in the convention industry, in the distribution and warehousing trades and, to an increasing degree, in the suburban sector of the office market. All of this promises economic security to the projects that are translated from plans to reality, according to industry observers.

In addition, the preperty and construction industries have been supported since 1975 by two large-scale projects that bave important implications for the city's future: (1) A projected $2bn tax-funded rail rapid transit system, the first leg of which opened in 1979 and (2) the new Midfield passenger terminal at Hartsfield International Airport—the world's largest terminal at the world's second busiest airport.

Related to both of these is the city's burgeoning convention business, whose demand for at least 5,000 to 7,000 new botel rooms by 1985 assures continued strength in this sector. Success depends on doubling the size of the Georgia World Congress Centre so Atlanta can accommodate the very largest conventions, but industry sources are basically optimistic that the State authorities will give their approval. Aside from highways, the $90m project will be the biggest State-owned development in Georgia's history.

Atlanta's noted architect-developer, Mr. John Portman, already has disclosed plans for a striking 1,500-room hotel addition to bis Peachtree Centre complex, and the Hyatt Regency Atlanta is adding 400 rooms to its 1,000-room downtown hotel. Several thousand additional rooms are either in the planning or construction stages at key locations in the metropolitan area: in central locations around the Perimeter Highway which serves the large number of office parks, as well as at the airport.

Tom Walker

Agriculture is still the State's biggest industry

IF JIMMY CARTER loses the election in November and returns to his family peanut farm in Plains, Georgia, he will find that more has changed than the installation of a tourist information point in the aptly-named little town.

Mr. Carter will learn that his fellow peanut farmers are not too pleased with his record in office on their behalf.

"He just never got involved with peanuts," charges Mr. Tyron Spearman, who runs tha Georgia peanut indnstry's promotional organisation from an office in Tifton, a small town in the very centre of the State whose welcoming sign proclaims Tifton to be "an industrial and agricultural paradise."

In Mr. Spearman's opinion, Jimmy Carter was never a true peanut farmer in the first place, his family having made its living by cultivating seed peanuts, rather than wrestling with the complex Government-controlled price and production system, under which most peanut farmers operate.

But Mr. Spearman does conceda that the mere idea of a peanut farmer in the White House has done the industry's image e great deal of good. More newspaper articles were written about the peanut industry in the 1976 election campaign than in the rest of the humble peanut's history.

If Mr. Carter rejoins the peannt farmers, he will also hear e great deal about the Government's current review of the peanut price support programme, a review which is intended to produce a Peanut Bill in Congress next year and which, peanut farmers fear, will undermine the stability of their industry.

Peanut debate

The peanut debete, in which Georgia plays a central role as it is by fer the nation's largest prodncer (43 per cent of the total or 1.7bn pounds of nuts last year), is fascinating for the insights it provides into the way the vast U.S. agricultural economy works. The story is also important in the context of Georgia's agricultural economy because the peannt sector continues to compete with soyabeans as the State's leading crop—and second only to poultry as a source of farm receipts.

If Georgia is to hold or improve on its current ranking of 15th in the U.S. by farm income or to further increase its already very strong agricultural exports, peanuts will play an important part.

Peanuts are grown in half of Georgia's 159 counties, in a central belt which excludes only the extreme south-east and extreme north-west of the state.

During World War Two, the American Government, recognising what Mr. Spearman still frequently repeats, that peanuts are the chespest source of protein available, encouraged peannt farmers to plant from fencepost to fencepost with the promise that they would get a fair price for their crop.

This evolved into e guaranteed price system which, at its peak, was costing the American Government $100m a year because, although the programme froze the amount of acreage for peanuts, it conld not take account of huge increases in yields as technology, pest control and varieties improved.

The result has heen an attempt, in the last few years, to hold down the price of peanuts—there has been just one increase, of 8.5 per cent under the Carter Administration—and to find ways of geting farmers to export their surplus crops rather than store them at vast Government expense.

So, today there is a highly complex tiered reserve pricing arrangement, which sets one floor price for domestic crops, but says that a certain proportion (currently 30 per cent, hnt rising) of the crop must be exported. Next year's Peanut Bill will decide where the system goes next.

It is not difficult to perceive the dramatic consequences of such e policy for peanut farmers: they have moved swiftly into world markets where their low priced nuts, especially in Eurocurrency countries, are becoming rapidly more popular. Exports heve risen from zero in 1971 to over $116m in value.

The problem is that even the British, who constitute the largest market for American peanuts, cannot be persuaded to eat peanut butter, or at least not in American-type quantities. And they absolutely cannot be persuaded to eat peanut hutter with fruit jelly—a combination which provides the basic diet of millions of American children.

So UK consumption, apart from the population's extraordinary fondness for salted peanuts, is snagged at a mere 1.3 lbs per capita per year in spite of a recent $1.2m promotional effort spearheaded in Britain by Rowntree Mackintosb.

Americans munch their way througb no less than nine pounds of peanuts each per capita, of which 3.8 lbs are consumed in the form of butter. Georgie, incidentally, boasts, in Dawson, the world's largest peanut butter factory.

The peannt industry has had a little help this year from the recession, because Americans always rely on peanut hutter to help them through hard times, but its export goals remein formidable. There is stiff competition in the world peanut market from India and China, the two leading producers — the U.S. is third and Georgia alone would rank fourth.

Exports

It also looked this year as if the industry would enjoy its best harvest ever, with fine growing conditions early in the season. But the July heetwave and drought have hurt some of the half of the ecreage which is unirrigated as well as increasing disease.

This yeer, Mr. Spearman expects the industry to produce 1.8m tons of nuts, of which 1.2m will be consumed in the U.S., 600,000 tons exported, leaving almost nothing for Government storege.

Normally at least 200,000 tons of nuts go into store, from where they either eek out supply in the event of a poor crop the next year or are crushed for oil: the cost of the Government programme, because of the successful export programme, has been cut to $17m last year.

Peanut farming also impacts closely npon other sectors of Georgia's agriculture, because the plant, which produces the nuts along a trailing root, heneath the ground, can only be planted every third year.

It has been a switch in crops to alternate with peanuts, from corn to soyaheans, which bas led to the fect that soyabeans have come from nowhere to slightly outstrip peanuts by crop value in 1979. Soyaheans accounted for 26.1 per cent and peanuts 25.3 per cent of the State's $1.4bn worth of crops.

Soyabeans suffer less from Georgia's periodic droughts thet does corn and the start-up of Contioental Grain'a soyabean exporting operations from Savannah,, has provided an efficient market for the state's produce.

Soyaheans end peanuts, together, have been the main reasons why Georgia more than tripled the value of its farm exports to $432m between 1971 and 1978.

There has also been strong growth, in line with national trends, of the State's vegetable production and some recovery in peach cultivation now that new varieties have spread the harvesting period and evened out supply. Georgia is officially known as "The Peacb State."

Cotton, almost driven out of the State by low prices in the 1960s, is staging a minor comehack with the belp of the fashion for denim, tohecco is holding its own and the State's forests are, as prices rise again in world markets, starting to attract more attention.

The decision of Georgia Pacific, the large timber company, to move its headquarters from the West Coast to Atlanta reflects in part the increasing interest in the extremely fast growing pine forests of the south-eastern coastal plain. Georgia already has a substantial paper and pulp industry.

On the livestock front, Georgie also ranks number one in the nation for egg and poultry production.

These relatively strong performances do not, of course, stop Georgia farmers complaining and some of their anxieties appear legitimate enough.

Agriculture remains Georgia's biggest single industry and, despite the rapid advances in manufacturing and other services, it looks set to remain that way for a good while longer.

Ian Hargreaves

CROPS HIT BY SEVERE DROUGHT

THE RECORD-BREAKING heatwave which settled on Texas in late June and then spread east into Georgia, has caused the worst drought in the State for many years, devastating corn crops and redneing yields for peannts, soyabeans and cotton.

Poultry producers also suffered heavy losses of hirds unable to stand the more than 100 degree temperatures. Livestock farmers in many parts of the State sew their pastures seorehed dry, their hay crops ruined and the "army worm" surface as a further threat to crops.

As of August 1, the Georgia Crop Reporting Service was forecasting corn production of 52m bushels, half the level anticipated at the start of the year. Soyabeans are forecast at 45m hushels, against 58.8m planned and peanuts down from 1.7bn pounds to 1.58bn pounds. Some counties in the State bave been declared farming disaster areas, giving farmers access to low-cost Federal loans.

But, as always in farming, for every farmer who loses everything in a climatie disaster, there is another whose crop is good and who enjoys the higher prices which result from shortage.

Georgia's all-commodity index of prices received, was 229 in mid-August, compared with 198 in April and against a 1967 base of 100. Prices rose most rapidly for meat, with the livestock price index at 232 in August, against 189 in April.

Peanuts are np from 35 cents to 41 cents per pound. This probahly means thet despite the drought, the State will not suffer a very large drop in farm income from last year's $3bn.

Trade unions unpopular

"NOW," says Mr. Herb Mabry, of the many companies which have migreted from the union-based north to the relatively unorganised southern U.S., "there's nowhere for them to run to."

Mr. Mabry is Georgia's president of AFL-CIO, the U.S. federation of trade unions. From his recently opened office in Atlanta, he is responsible for overseeing the organisation's ectivities in the south-eastern wing of the sunhelt.

It is a position about as comfortable as that of a white policeman in Harlem or a missionary in pre-conversion Rome. Trade unions and trade unionists are not popular in Georgia.

"Unions have almost killed American industry, just as they have in Great Britain and we're seeing a reaction against that," says Mr. Roy Cooper, director of economics for the Atlanta Chamber of Commerce, in what he stresses is "e personal view."

Personal or not, it is widespread. The percentage of the Georgia labour force which is a member of a trada union fell between 1976 and 1978 from 14.2 to 13.6 per cent and the Atlanta Chamber likes to boast that the State has one of the highest success rates for companies taking advantage of Georgia's laws to encourage their workforces to vote out the union—the process of so-called "decertification." Some of the State's biggest and best-known employers, such as Delta Air Lines, are resolutely non-union.

According to Mr. Mabry, the foundation for this situation began in the textile industry, Georgia's first large manufacturing industry and one which still accounts for one in five manufacturing jobs in the State.

Thus, labour organisers in Georgia are closely following the epic battle between J. P. Stevens, the large textile company, and the clothing workers' union, a battle which has involved a long string of court contests, shop-floor skirmishes and, eventually, a national level boycott, led by AFL-CIO, of J. P. Stevens' goods. There have been rumours in recent months thet the two sides may, et last, be in sight of an agreement which would grant the union its first collective bargaining rights within some of tha company's facilities.

In the opinion of Mr. Tom Watson Brown, an Atlanta lawyer who specialises in labour law, a breakthrough at Stevens would open "a significant chink" in the employers' ranks —although, like many others, be believes thet the greeter diversity of the southern economy today and the spread of automation, will reduce the ripple effect of any settlement.

Indeed, Georgians appear to be finding it fairly simple to live alongside the traditionally highly organised industries, such as motor assembly, which have drifted south in the last decade, without it altering hasic attitudes or allowing the lahour unions to reverse the tide of declining membership.

Outlawed

The most obvious reason for the low level of union memhership in Georgia is the fact that the State is one of 20 in the U.S. which have "right to work" laws on their statute books. Thus, the closed union shop is outlawed and firms cannot force workers to pay their union dues at source.

Mr. Mahry is realistic enough to concede that there is no hope of changing the right-to-work law in Georgia, wbere Governor Busbee and his officers use it as an important item of selling the State as an industrial location, especially to the Japanese compenies which have flooded in in the last few years. There are now 85 Japanese companies with premises in the state.

The only hope, he believes, is to meke the right-to-work laws illegal at Federal level, by amending the National Lahour Relations Act (clause 14 h). President Carter, who cheerfully went along with their right-to-work laws when he was Governor of Georgia, has said he will not veto such an amendment, but nor will he promulgate it.

So, it is an uphill fight for the labour uoions, faced, as they are, with sophisticated, professional union-busting consultants, of wbom there are several in Atlanta. The figures tell the story of the unions' failure, but disguise the fact that they have had the odd triumph, such as the organisation of the Japanese zip-fastener firm, YKK in Macon.

The unions, of course, allege that employers are not paying fair wages. Mr. Mabry charges that Georgia's unemployment compensation scheme for workers is the 49th most generous among the 50 states.

Official ststistics do, indeed, demonstrate that Georgia remaina some way hehind the national average in pay and that, contrary to popular impression, has been slipping back again in recent years. According to a study hy the First National Bank of Atlanta, hased on returns from the census of manufacturers, average hourly earnings in Georgia were 74.7 per cent of the U.S. average, in 1963; 79.7 per cent in 1972 and 78.7 per cent in 1977.

This is ohviousiy a big attraction for firms considering location in the State, although it bas to be set against Georgia's lower productivity, which was 84 per cent of the national average in 1972 and 85.7 per cent of the national average in 1977. But, on peper et least and nsing averages which obviously do not tell an accurate story for individual industries, the trade-off on wages and productivity, especially when allied to the weakness of the unions, makes Georgia e desirable "nesting place" for business. The other incentives available to industry (dealt with in the article on industry), also plsy e part.

In a more detailed study by the Trust Company of Georgia, the productivity picture looks even hrighter. This sbows that nine of the State's 17 major industries showed greater productivity growth than national averages in the last decade. Georgia, because its new industries have hrought new plants and perhaps, and, according to the sales talk of the State industry officials, "because Georgians are used to hard work." Average bourly earnings in the State are around $6.50 an hour in mannfacturing industry.

Training

Another important consideration for potential investors in Georgia is the qnestion of training for the workforce.

Here, the State has attracted widespread praise for its "Quick Start" programme, which nses the State's vocational training resources and specially tailors them to the needs of e firm setting up in the area. Georgia provides substantial grants, in some cases, and will also carry out detailed investigations of labour availability in selected locations for potential bringers of jobs.

This, however, has not prevented several high technology companies which have moved into the area from bringing with them the higher skilled employees required for their operations. But there is no doubt that, slowly but surely, Georgia, along with the rest of the south, is steadily banishing to history books the idea that its people are, in some way, suited only to less-sophisticated varieties of employment.

Ian Hargreaves

Impressive developments in transport network

ATLANTA, WHICH began its history only a little more than 150 years ago as a railway junction with the unheguiling name of Terminus, has always been a crossroads and, in that sense, a transport planner's dream.

But the pre-eminence today of the air travel hub of the city's Hartsfield International Airport and the "octopus legs" of its inter-state highways which reach smoothly and directly into neighbouring States and to the Atlantic Ocean, conceal the fact that the State of Georgia has struggled as hard to put itself on the communications map as it has to become recognised as a significant manufacturing centre.

Overshadowed to the west by the great arterial ducts of the Mississippi River, niggled by higher-than-average railway freight charges and lacking a decent sea port, Georgia, until a decade ago, was well and truly in the transportation backwoods.

The reversal of that situation in a mere ten years has been the most dramatic single element in the march of Georgia from economic obscurity to a point where it — and a bandful of other States in the south-east —have the old power centres of the industrial mid-west and, to a lesser extent, the north-east, firmly on the defensive.

Showpiece

Atlanta and its airport are obviously the showpiece of this achievement—an impressive development made possible by a mixture of shrewd planning by Delta Airlines (Atlanta's own airline and one of the most financially successful in the U.S.) and good co-operation from public authorities.

But, in terms of distributing the economic growth which Atlanta has enjoyed through the sprawling State (the largest east of the Mississippi), other links in the transport scene are also of great importance.

Georgia is fortunate that its railways—like all the nation's railways, now in the throes of attempted merger and re-organisation in response to a climate of regulatory liberalism being generated in Washington —are strong, unlike those of the Chicago area, for example.

Its roads were among the earliest planned in the great inter-state network, and so are now complete. The Port of Savannah's last major link was built two years ago.

The State's inland waterways —although never a match for the Mississippi—stretch for 500 miles and are served by three useful inland ports—at Augusta, Columbus and Bainbridge. The sun shines on these canals and rivers, so they don't shut down, as canals in the northern mid-west do, for much of the winter. From Columbus, you can travel by barge all the way to the Gulf of Mexico.

In terms of personal transport, Atlanta's Metropolitan Atlanta Rapid Transit Authority (MARTA), began in 1971 after citizens agreed to add one per cent on the local sales tax to finance it, the development had been plagued with the kind of construction problems and delays that accompany most large civil engineering projects and, recently, by uncertainty over the future of the financially stricken Societe Franco-Belge, which is building the rail cars. But the plan has a good chance of achieving its goal of becoming one of the country's most attractive mass-transit systems, from the rider's point of view.

The city's bus business, now linked with a section of the railway already open, has seen its patronage nearly doubled since 1972. The network should be complete around 1985.

But perhapa the most significant growth in the State's transport infrastructure, aside from Hartsfield, has been at the combined port of Savannah and Brunswick.

Savannah, a town as beautiful as its name—one could describe it as a sort of Bath, with palm trees—is part of a ribbon of fiercely competitive ports on the south-east Atlantic seaboard, stretching from Norfolk, Virginia, to Jacksonville, Florida. Its task has been first to win back from the more northern ports the business of exporting Georgia's own goods —many of which, even five years ago, were being shipped from as far afield as New York. Another aim is to play a creative role in developing the State's trade and commercial base.

The figures tell the story: growth, in net tonnages, has been averaging more than 20 per cent a year for the last five years and, at just over 5m tons last year, the Georgia Ports Authority registered an increase of 28 per cent on the year before.

None of these figures include non-GPA business through the many private terminals in the ports, which would probably just about double the totals.

Mr. George Nichols, the GPA executive director, sees growth continuing at between 15 and 20 per cent a year, at a time when world trade is forecast to grow only 13 per cent and U.S. trade at only 9 per cent in the same period to 1983—"I don't aee how we can miss," comments Mr. Nichols.

One of the port's many advantages is the absence of trade unions, a factor shared with most nther Georgia businesses, but also with Savannah's main competitor, Charleston, 50 miles up the coast in the state of Sonth Carolina.

But Mr. Nichols estimates that his costs and therefore his charges are 15 to 20 per cent lower than North Atlantic ports such as New York, something which has clearly been a major reason for the port's success in winning back Georgia's own export trade.

But it has not been the nnly reason. Mr. Nichols says the men who operate the huge German cranes in Savannah's container-port regularly accomplish 30 to 35 "picks per honr" and, on good days, achieve 55. (British port operators are fortunate if they can manage 20.) Container tonnages handled at Savannah in 1979 were 1.2m, an increase of 50 per cent on the year hefore.

Productivity

Mr. Nichols argues that his employees' productivity record is evidence of first class morale and a guarantee that the port will continue to keep at bay the International Longshoremen's Association. Pay is now fairly close to union rates, and job classifications have been improved.

The men at Savannah, who are periodically balloted about their views on union membership, voted overwhelmingly against the union in 1976, having almost voted it in six years earlier.

"We have virtually no idle time on this port because of our non-union status, which has given us flexibility in utilisation of manpower," he adds, in another comment calculated to produce green complexions among European port managers.

The port has also had good backing from the State Government of George Busbee, which has approved a stepped-np investment plan, which will total \$200m in the next five years.

Two new heavy-lift cranes have just been installed, a fourth container terminal will be built by 1982 and a new administrative headquarters is under construction. A similar sum will probably be spent in the period by private investors.

So far, it has been money well spent. The port earned \$4.8m on its revenue of \$33m last year—a satisfactory result for the State, which is, in effect, the GPA's mortgage banker.

The more far reaching benefits have been a surge in the number of international shipping lines calling at Savannah, despite the continuation of legal difficulties for Atlantic carriers receiving permission to include sailings to American ports. Savannah expects to receive 350 more sailings this year than last year.

The port has also enjoyed, with the help of Continental Grain (one of the five companies which control most of the world's grain trade), something of a coup in agricultural business.

Continental came into Savannah two years ago, leased grain shipping facilities and started to encourage traffic in soyabeans. Around 20m bushels of the crop passed across Savannah's conveyors last year. This move has not only benefited the port, but Continental's presence convinced many Georgia farmers to switch from corn to soyabeans as a second crop to peanuts— a move which proved its worth, especially this summer when the drought-sensitive corn crop suffered badly.

One third of the State's soyabean prodnction is exported through Savannah. Continental's arrival had another important side-effect, too—by using collective agricultural muscle to lower rail freight charges, reversing years nf competitive disadvantage in Georgia.

That model of creative port develnpment, of course, has not been universally achieved in Georgia. Savannah still lacks adequate refrigerated cargo facilities to service the State's poultry products.

Furthermore, the port's plan for a major widening of the river and dredging operation to increase the turning circle, to allow larger ships in, although now underway, was much delayed.

But these shortcomings have not prevented Georgia's ports from providing some leadership in the region's economic growth and from advancing their own status to the point where Savannah is now the nation's 21st largest port, by tonnage.

Putting Savannah "on the map" as a port has helped to promote the State's exports (Georgia has a 54:46 trade halance). It has also helped the agricultural sector adapt to new trends and pressures, kept some of the State's wealth within its own economy and made Georgia a candidate for major Federal-funded projects (such as coal terminals), which will be needed in the years ahead.

Ian Hargreaves

New air terminal opened

YESTERDAY, THE Hartsfield Atlanta International Airport took a major step towards the next century in civil aviation hy inaugurating its new \$750m passenger terminal complex, claimed to be the largest in the world, which will be capable of handling 55m passengers a year, and eventually up to 75m.

Atlanta International is already the second biggest airport in the world, in terms nf the number of passengers handled annually. Last year, it handled 41.7m passengers, a rise of 14 per cent over the previous year, putting it into second place in the world behind Chicago O'Hare, with 47.8m. The total number nf aircraft movements also rose by about 7.5 per cent to nearly 600,000.

By comparison, London Heathrow ranks fourth with 28m passengers.

Most of the Atlanta passengers, however, were U.S. domestic travellers. The volume of purely international traffic at the airport is small, amounting to 407,413 passengera last year, hut it is growing—last year's expansion was 34 per cent.

For the current year, despite the effects of recession in the U.S. air transport industry, Atlanta International has continued to expand. In the first four mnnths of 1980, the number of passengers reached 13.7m, a rise nf 3.6 per cent over the corresponding period of last year. The number of aircraft movements for domestic operatinns rose by 3.7 per cent to 177,288, while international aircraft movements rose by 31.7 per cent from 1,023 to 1,347.

This growth stems from the fact that Atlanta is nne of the main "huh" airports for the whole of the South-Eastern U.S.

During 1979, out of the 41.7m users of the airport, more than 70 per cent (nr, roughly, 28m) were connecting passengers, making Atlanta the husiest connecting point in the world. To date, 15 major U.S. and international airlines serve the airport, linking it with another 135 U.S. destinations and six major international points, including Gatwick in the UK (served by British Caledonian Airways and Delta Air Lines).

Among the major cities served from Atlanta directly are San Francisco, Denver, Seattle, Portland, New York, Washington and Los Angeles, while internationally, in addition to Gatwick, there are Mexico, Brussels, Frankfurt, Bermuda and the Garibbean.

Atlanta International has about 1,600 flights a day. This is because the city itself is a rapidly growing business centre. Today, 439 of the "Fortune" list of 500 top industrial firms in the U.S. have operations in Atlanta, while it ranks ninth in the U.S. league nf hank clearings. The city has 46 of the nation's largest life insurance companies, 35 of the 50 largest diversified financial companies and 17 nf the 50 largest commercial banking companies.

Tn meet this growing commercial activity, the airport has also been obliged to expand. Last year's 41.7m passenger figure was ten times the number the existing terminal facilities were originally deaigned to handle in 1961.

Facilities

The new facilities, sited about one mile south of the existing terminal, in the middle of the pattern of three parallel runways, expands Atlanta's air service capability to at least 55m passengers a year immediately, and puts up the number of aircraft "gates"—at which the airliners load and unload—from 72 to 138.

The new complex comprises two big main connected terminal buildings, the North Terminal and South Terminal, which are linked to four separate, parallel domestic concourses, spread out over an area of about 378 acres.

From the main Terminal Buildings to the farthest concourse is just over one mile, but passengers can travel hetween the maio Terminal Buildings and the concourses by an undergrouod transit system of electrically-powered, automatically-guided carriages on ruhber wheels, which will run at 103-second intervala, at no cost to the rider.

This system will be the fifth-busieat transit system in the U.S., carrying ahout 250,000 passengers a day. It has been designed hy Westinghouse Electric Corpnration.

In addition to the train, passengers can walk to and from their concourse if they wiah, along an attractively tiled and carpeted tunnel, or they can take moving sidewalks.

By building this passenger complex in the centre of the existing airfield, between the existing runwaya, the designers have cut the amount of taxying time to a minimum, which means significant fuel savings for airlines.

Each concourse can handle more than 30 aircraft at a time, and they are spaced sufficiently widely apart tn enable two wide-bodied jets to pass each other between them, even with other wide-bodies parked at the gates on either side.

Because more than 70 per cent nf the airport's traffic will be connecting passengers, who will not necessarily either want or need to go intn the two main terminal buildings, every concourse has the full range of amenities, including telephones, rest rooms, shops, snack bars, cocktail lounges and nther facilities.

The main terminal area itself will have parking spaces for 12,000 vehicles.

A major feature of the new complex, however, is the International Terminal itself. Attached to the eastern end of the new North Terminal, this three-storey internatimal complex will have a six-gate concourse nf its own, capable of handling wide-bodied aircraft.

The terminal is sited so as to offer easy access to the main terminal facilitiea, inclnding parking, and the proposed Atlanta MARTA rapid transit system extension that it is intended to build, linking the airpnrt with the City within 17 minutes' travelling time. The shell for the station has already been constructed, to minimise future disruption.

In the International Terminal there will be a complete Federal Inspection Services area, for immigration, customs, puhlic health and agriculture officials, and 800 arriving passengers will be ahle to pass through these formalities every hour.

Also on this level is an International Calling Assistance Centre, the first computerised telephone system of its kind, designed to display important dialling and other information in six languages.

The middle level of the International Terminal contains departure lounges and concourses, duty-free shops, cocktail lounges and other concessions, including currency exchange facilities. The top level is reserved for airline offices.

To handle future growth, a second International Terminal, capable of accommodating more than 800 arriving passengers every hour, will be built adjacent to the new main Sonth Terminal.

Thrnughout the entire new airport complex, there are no architectural barriers for the handicapped person. Both escalators and the elevators are provided for all changes of level, and elevator buttons feature raised lettering. The colours used are those discernable by the colour-blind, and a combination of visual information and audio announcements is used to direct passenger flow.

Convenient

Many nf the pnblic telephones, mounted at heights conveniently reached by all, are equipped with amplifying devices, and for those who are deaf, special typrewriters are available at six of the most heavily nsed areas.

In addition tn the development of the passenger facilities at the new airport complex, constructinn has been in progress on a major new cargo area (also to be inaugurated in mid-September) of about 457,000 sq ft, augmenting the existing facilities of some 350,000 sq ft.

The tnfal construction cost of the passenger terminal complex has amounted to about \$500m, with another \$250m going for road relocatinn, taxi-ways and cargo support facilities.

But even with the new facilities just npening, Atlanta is already thinking further ahead, to the time when the new facilities may be facing the same crunch conditions that plagued the old terminal.

Expansion has been built into the design, to enable traffic to rise from 55m passengers a year to 75m. A fifth domestic concourse will be built when the time cnmes; the second International Terminal is already planned; a fourth runway, of 9,000 ft, will be built in 1983, while, at the same time, the existing 8,000 ft runway is tn be extended to 12,000 ft, raising the hourly aircraft movement rate from 120 to 150. Additional carriages will be added to the underground train system, where the stations can be expanded, and more car parking spaces can be built.

Michael Donne

COMMODITIES AND AGRICULTURE

NZ lamb exports to Iraq double

By Dal Hayward in Wellington

NEW ZEALAND has doubled lamb exports to Iraq with a contract to send 30,000 tonnes worth NZ$70m (£28.79m) next year.

The price was one of the best ever paid for NZ lamb this year. Iraq bought only 16,000 tonnes, worth about NZ$30m, last year. The deal makes Iraq one of the big four world customers for NZ lamb along with the UK, Iran and North America.

The sale, which has been helped by a big improvement in cold storage and refrigeration distribution facilities in Iraq was more than expected. It emphasises the rapidly increasing importance of the Middle East to NZ's lamb industry.

The size of the order and its price has boosted hopes for another big deal with Iran. A meat board team is in Tehran at present negotiating lamb exports for next year. NZ meat industry representatives are hoping for a 90,000 tonne order.

UK will still receive about half of NZ's total production. Meat and lamb production in NZ will be high this year and the extra tonnage going to Iraq will not cut into supplies for Britain but will take the extra production.

Fishing industry aid 'not enough'

BY OUR COMMODITIES STAFF

OWNERS of Britain's deep-sea trawlers will receive up to £25,200 a vessel to help tide them over the crisis in the fishing industry, but it will probably not be enough to get the ships back to sea.

"It will help to keep the banks off the owners' backs rather than put the vessels at sea or the men back in a job," the British Fishing Federation said yesterday.

The money will come as part of the £14.1m Government temporary aid scheme to help the trawlers stay afloat until the EEC can work out a new fishing policy, it is hoped by the end of the year.

Assistance is being given to owners of registered vessels "which were available for fishing on August 7 and which meet certain criteria designed to show that the vessel is genuinely a commercial fishing vessel." Ships of 40 feet or longer must have spent 44 days at sea during the first seven months of 1980; and those less than 40 ft must have caught and sold fish worth £1,500 during any continuous three-month period within the first seven months.

The amount of aid will depend on the length of the vessel, but will range from an initial payment of £225 for a vessel of under 35 ft to £25,200 for a trawler of 190 ft or over. It is expected that between 3,000 and 4,000 vessels will be eligible, about half of them inshore boats. If there is any money left after the original applications have been dealt with, it will be shared out again between the applicants.

Many of Britain's 4,000 smaller inshore boats will not be eligible because they are now no longer used for fishing but have switched to offering holiday trips.

The deep-sea fleet owners, while grateful for any aid, say it is still not enough. At an estimated cost of £3,000 a day for the 190 foot vessels which are at sea for weeks rather than days, even £25,000 a trawler will not last very long, they say.

Mr. Alick Buchanan-Smith, Agriculture Minister of State, said yesterday: "We are determined to do everything possible to sustain the fleet through the period of uncertainty which has been caused by the long drawn-out nature of the negotiations on the Common Fisheries Policy. We will be doing all we can to bring these negotiations to a satisfactory conclusion."

Stocks rise depresses aluminium

By Our Commodities Editor

PROSPECTS of another heavy inflow of stocks into the London Metal Exchange warehouses pushed aluminium prices lower again yesterday. The cash price closed £10 down at £677 a tonne while the three months quotation lost £5 to £695.5. It was rumoured that sizeable quantities of low quality Egyptian aluminium had been shipped to the warehouses.

Aiding the decline was a fall in copper, which was upset by persistent trade selling. Cash wirebars closed £10 down at £851 a tonne. Tin, too, lost ground with the cash price dipping by £70 to £7,200 a tonne, in spite of a rally in the Penang market overnight.

In contrast, however, lead and zinc values were boosted mainly by speculative buying interest. The feeling is that prices of these metals have been forced too low in recent months and the charts are indicating that a recovery is overdue. Cash zinc moved up for the third day in succession gaining £9.5 to £349 a tonne. Cash lead closed £3.5 up at £381.75 a tonne.

India seeks titanium contracts

India proposes to conclude agreements or contracts for the regular supply of titanium sponge for its defence industries, the United News of India said.

Titanium sponge is needed for a defence undertaking at Hyderabad, due to go into regular operation this year.

Tea exports held in Calcutta

NEW DELHI—The Economic Times newspaper said at least 1.4m chests of tea have accumulated in warehouses since tea workers began a strike over retirement pay on August 25.

No tea has been exported from Calcutta since the strike began. Auctions have been postponed for the last three weeks.

In London, tea traders said that they understood that the strike was over, barring formalities, and that the Calcutta auctions would be resumed on Monday.

FOOD SUPPLIES

Farmers at the poor end of the chain

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

MOST FARMERS are suspicious of the advice they get to integrate themselves more fully with the food processing chain. Such integration has all the dangers to our unsophisticated minds of the young lady of Niger's ride on the tiger. Not all the attempts at contract farming have turned out as their sponsors wished. Seasons vary and with them yields; consumer tastes also change. It seems that modern methods of food manufacture and distribution, seem to take more and more of the consumers' money, leaving the farmer to pick up the dregs.

Weak position

I visited a biscuit factory the other day. One of the most modern, so I was assured, in the country, and saw computer-monitored machines churning out their products by the tonne. The farming products directly involved were flour and sugar. The type of wheat used returned the farmer some £100 per tonne, about 4½p per lb, and the sugar some 10p per lb. The retail price of the particular line I was watching worked out at about 55p, or £1,237 per tonne.

This is in no sense a criticism. Food manufacturers are under severe pressures particularly because the spread of supermarketing restricts the number of prime customers, so that the buyers can call much of the tune. Farmers, the food manufacturers' main suppliers, are therefore in a weak position. They are many in number compared with the buyers and in addition they seldom have a chance to deal directly with the processors. Except for potatoes and some vegetable crops, most trade is carried on through a variety of merchants and agents, so that the farmer loses his interest very early in the marketing chain.

His main interest is the price on the day his produce leaves the farm. Very few contracts for the usual run of farm products I have seen will specify a fixed price except that for sugar beet. The best that can be hoped for is a contract that is fixed with regard to the market price of the day. Some contracts for milling wheat offer a specific premium, but these are usually tied to buying a particular merchant's seed.

The only satisfactory way, from the farmers' point of view, of organising marketing is through a monopoly organisation like the Milk Marketing Board. The Boards may not be the last word in marketing efficiency, but they do at least ensure that each farmer in their area receives roughly the same price for the same quality of milk.

The Milk Boards are not completely independent bodies in that the Government still controls the retail price of milk. But they are free to do the best they can with about half the total supplies in the manufacturing market for dairy production.

The Wool Marketing Board handles all the wool produced in the UK, grades it, and then offers it for sale, mostly by auction. This trading is supported by a fund jointly financed by the Treasury and the growers themselves, which equalises prices out through the years. The growers' price is guaranteed by the Government. If there is a surplus on sales over acquisitions the Treasury gains, while the price to the farmer is guaranteed.

Support

Real problems arise with the cereal and fatstock sector, which amounts to nearly 60 per cent of total farm output. These are the "cream" of farm production but no more than raw material food processing and distribution. Prices for these are supported in various ways under the Common Agricultural Policy, but this support is nothing like as secure as that in Britain for milk and wool for instance. In general it takes the form of intervention buying which is often of as much advantage to the trade as to farmers.

Many suggestions have been made for instituting contracts for lambs, pigs, beef cattle and cereals, but they have failed in the end. There are seasonal and other variations in production that influence the non-contracted market. Buyers must take account of these market prices which are entirely governed by supply and demand, so in consequence most contracts contain formulae for price fixing which take this into account. One of the problems in the pig industry is that farmers had the greatest difficulty in keeping loyal to their contracts when the free market was booming.

The Danes have overcome this problem by exercising a rigid control over the whole of their pig industry which covers not only bacon but fresh pork as well. No farmer or processor can escape this discipline, which applies to co-operatives and private companies alike. It is important to realise that even with this system prices can vary, but it does at least ensure that the product is first class and the farmer is not in the invidious position of seeing his non-co-operating neighbours cashing in when the market is bouyant.

In past years the free market, helped by deficiency payments, worked quite well on balance. But things are changing. The number of buyers is shrinking fast. It is not too fanciful to predict that within a few years farmers could be faced by what amounts to a monopoly purchaser. The only answer to this would be centralised selling on a virtual monopoly scale.

Sugar boosted to 3-month high

BY JOHN EDWARDS, COMMODITIES EDITOR

WORLD sugar prices surged ahead on the London terminal market yesterday to reach the highest level for three months. The London daily price for raw sugar was lifted by £15 to £360 a tonne in the morning. On the futures market the March position gained over £8 to close at £406.40 a tonne after reaching £413 at one stage.

The rise reflects a build-up in bullish sentiment encouraged by reports of renewed heavy buying by the Soviet Union. It was rumoured yesterday that the Russians were back as buyers again, although bidding well below current market levels.

Estimates of the Russian purchases so far already made range between 1m to 1.6m tonnes. But the quantity involved is not considered to be particularly significant since it had already been calculated that the Russians would require to import 2m tonnes.

What is, perhaps, of greater significance is that the Russians have started buying some two months earlier than expected. This suggests that they are very pessimistic about the result of the Russians would require to their domestic beet production this year and might well have to buy further large quantities later if the crop is as bad as feared.

It has been decided to delay harvesting of the Soviet beet crop in the hopes of the weight and sugar content improving, but this leaves it exposed to the risk of frost.

An additional worry for Russia is whether Cuba will be able to boost its production sufficiently this season to recover the shortfall last season that resulted in a cutback in its sales to the Soviet Union.

The problem in Russia, which is normally the world's single biggest sugar producer, are the main key to the present upsurge. However bullish sentiment has been stimulated too by heavy purchases from other quarters, including Poland—normally an exporter — and Venezuela. Another major exporter, South Africa, is known to have suffered a bad crop setback this year and although it claims that its sales commitments will be met, there are rumours that it might need some temporary imports to satisfy the domestic market.

Additionally speculators are now returning to the sugar market in a bigger way after having been driven out by the heavy losses suffered when prices collapsed earlier

Zimbabwe hopes to export maize

BY MICHAEL HOLMAN

ZIMBABWE expects to have 500,000 tonnes of maize for export in 1981 if planting targets for the coming season are fulfilled, the Minister of Agriculture, Senator Dennis Norman, said yesterday.

It represents a dramatic improvement in production of what is the staple food for the country's 7m black population. Earlier this year a combination of poor weather and the impact of the seven-year guerrilla war on production in the Tribal Trust Lands had forced Zimbabwe—which had hitherto produced a surplus in most years—to import maize from South Africa.

However, the Minister, who was speaking to the Financial Times during an official visit to London, said that this import programme will now be cut short and the last shipment will arrive this month, making a total of some 50,000 tonnes. The latest estimate for the 1979-80 season puts commercial production at 900,000 tonnes, considerably higher than had been anticipated earlier this year when the South African orders were placed.

Maize purchase by the state-owned Grain Marketing Board (GMB) reached a record 1.4m tonnes in 1973, but fell to only 512,000 tonnes in 1979. Figures for 1980-81 show that 280,000 hectares will be planted and an expected yield of five tonnes per hectare will leave a surplus after domestic needs of around ¾m tonnes.

This, said the Minister, will allow Zimbabwe to resume exports of maize to Zaire in early 1981. Until June this year Zaire was buying 10,000 tonnes a month for the copper and cobalt mining province of Shaba.

The bulk of marketed maize is produced by Zimbabwe's 5,400 white farmers. There would be no difficulty in finding a market for any surplus. Apart from Zaire, Zambia and Tanzania are importing maize to make up for substantial shortfalls in domestic production.

Upswing in Soviet meat production

MOSCOW — Soviet farmers achieved an upswing in meat production during August but total output for the year dropped further behind last year's performance, the weekly Ekonomicheskaya Gazeta said.

Quoting a report by the official central statistical board, Ekonomicheskaya Gazeta said that by September one collective and state farms had produced 9.65m tonnes at slaughter weight.

This included 1.26m tonnes in August, an improvement of 295,000 tonnes over July but not enough to prevent the overall figure for the year dropping to 4 per cent behind the 1979 level.

BRITISH COMMODITY PRICES

BASE METALS

COPPER—Lost ground on the London Metal Exchange. After opening at £881 and initially moving ahead to £885 on modest fresh buying, forward metal came under persistent trade selling which depressed the price to £874 on the morning kerb. Over the midday period three months fell further to £871. A rally developed in the afternoon with three months moving up to £878 but the price dipped afresh to £873.5 in line with Comex before closing the late kerb at £878.5. Turnover 17,200 tonnes.

COPPER	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Wirebars				
Cash	849-50	−18	850.5-1.5	−10
3 months	874.5-5.5	−15.5	872.5-3	−7.75
Settlem't	850	−15	—	
Cathodes				
Cash	819-20	−19	822-4	−11.5
3 months	848-9	−16.5	852-3	−8
Settlem't	820	−18	—	......
U.S. Prod		......	*95.45-102	.....

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £852, 50, 49, three months £883, 81, 80, 76, 75. Cathodes, cash £818. Kerb: Wirebars, three months £876, 74, 74.5, 75. Afternoon: Wirebars, three months £875, 78, 77, 78, 78.5, 78, 78.5, 79. Kerbs: Wirebars, three months £878, 77, 78, 75, 74.5, 74, 75.

TIN—Lower. Forward metal opened at £7,380 and fell away to £7,280 on general selling before rallying to £7,285 on the morning kerb. In the afternoon the price came under modest selling pressure in the rings but recovered to close the afternoon kerb at £7,322.5. Turnover 1,435 tonnes.

TIN	a.m. Official	+ or −	p.m. Unofficial	+ or −
High Grade	£	£	£	£
Cash	7200-20	−120	7190-210	−70
3 months	7290-300	−85	7280-300	−55
Settlem't	7220	−120	—	......
Standard				
Cash	7200-20	−120	7190-210	−70
3 months	7280-300	−85	7280-300	−55
Settlem't	7220	−120	—	......
Straits E.	‡$2210	+8	—	......
New York	—	......		

Morning: Standard, cash £7,310, 7,240, 30, 7,200, three months £7,350, 30, 20, 10, 7,300, 7,280, 80. Kerb: Standard, three months £7,290. Afternoon: Standard, cash £7,230, three months £7,300, 20. Kerb: Standard, three months £7,300, 05, 20.

LEAD—Firmer. After opening at £391 forward metal moved ahead strongly to touch £398 on the pre-market, reflecting fresh speculative interest. Profit-taking pared the price to £393 in the rings but renewed support developed in the afternoon and this pushed three months up to £400 in the afternoon rings. Renewed profit-taking prompted a fall to £395.5 before a close on the late kerb of £398. Turnover 19,650 tonnes.

LEAD	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Cash	378-.5	+3.75	381.5-2	+5.5
3 months	394-.5	+2.75	398-8.5	+4.5
S'ment	378.5	+5.5	—	......
U.S. Spot	—	......	*48-44	......

Morning: Cash £379, 78.5, three months £398, 97.5, 97, 96.5, 97, 93, 95, 94, 94.5. Kerb: Three months £395, 94.5, 95. Afternoon: Cash £382, three months £396, 97, 98, 99, 400, 398, 99.5, 98, 400, 398. Kerb: Three months £398, 98.5, 400, 399.5, 99, 98, 97, 95.5, 96.

ZINC—Gained ground on renewed speculative and chartist demand which took forward metal up from £352.5 on the pre-market to the day's high of £360 in the rings. The £360 level brought out profit-taking and general selling, however, and forward material eased back to close the late kerb at £357.5. Turnover 9,825 tonnes.

ZINC	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Cash	345-6	+10.5	348-50	+8.5
3 months	355.5-7	+8.25	358-8.0	+6
S'ment	346	+10½	—	......
Primw'ts	—	......	*38.5-37.25	—

Morning: Cash £344, three months £355, 58, 55.5, 56, 57, 56, 55, 55.5, 56, 57. Kerb: Three months £356, 57. Afternoon: Cash £348, three months £357, 58, 59, 58, 58.5. Kerb: Three months £359.5, 59, 58.

ALUMINIUM—Lost further ground as continuing rumours of another sizeable stocks rise prompted stop-loss selling. Forward metal opened at £696, thereafter traded between £692 and £697, before closing the late kerb at £692.5. Turnover 9,025 tonnes.

Alumin'm	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Spot	577-9	−15	676-8	−19
3 months	693-.5	−11.25	695-6	−5

Morning: Three months £697, 96, 96.5, 96, 93, 92, 94, 93.5, 94, 93. Kerb: Three months £694, 93. Afternoon: Three months £695, 96, 95.5, 94, 95. Kerb: Three months £695, 93, 92.

NICKEL—Marginally lower in quiet trading with forward metal finally quoted at £2,800 on the afternoon kerb. Turnover 204 tonnes.

NICKEL	a.m. Official	+ or −	p.m. Unoffic'l	+ or −
Spot	2705-75	−2.5	2740-60	−22.5
3 months	2800-5	—	2785-800	−5

Morning: Cash £2,780, three months £2,815, 10. Afternoon: Cash £2,760, Three months £2,805, 2,800. Kerb: Three months £2,800.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 33.75p an ounce lower for spot delivery in the London bullion market yesterday at 875.55p. U.S. equivalents of the fixing levels were: spot $20.93, down 82c; three-month $21.587, down 84.3c; six-month $22.288, down 84.2c; and 12-month $23.897, down 72.3c. The metal opened at 847-855p ($20.25-20.45), and closed at 871-879p ($20.75-20.85).

SILVER per troy oz.	Bullion fixing price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	875.55p	−33.7	878p	−26
3 months	910.05p	−35.7	907p	−25.5
6 months	940.55p	−35.9	—	......
12 months	1002.00p	−32.5	—	......

LME—Turnover 133 (376) lots of 10,000 ozs. Morning: three months 910, 12, 10, 11, 13. Kerb: three months 911, 12. Afternoon: cash untraded; three months 913, 12, 13, 09, 09, 05, 06. Kerb: three months 906, 05, 03, 900, 898, 95, 93, 94, 93, 95.

COTTON

LIVERPOOL—No spot or shipment sales were recorded in Liverpool, leaving the total for the week so far at 444 tonnes. Users were again extremely cautious and avoided commitment. With the cost of cotton at a very high level, buying was restricted to limited quantities of American type varieties.

COCOA

In relatively quiet conditions, futures traded within a range of £14 and closed marginally lower than Wednesday evening. Physicals generally remain neglected, although consumers showed slight interest for mid-1981 positions, reported Gill and Duffus.

COCOA	Yesterd'ys Close	+ or −	Business Done
Sep.	995-1000	−5	1000-995
Dec.	1019-20	−0	1024-10
March	1054-55	−8	1059-46
May	1076-77	−0	1077-65
July	1095-96	−92	1094-85
Sept.	1114-17	−3.5	1108
Dec.	1134-45	+0.5	—

Sales: 3,281 (2,189) lots of 10 tonnes.

COFFEE

COFFEE	Yesterday's Close	+ or −	Business Done
	£ per tonne		
Sept	1028-35	−20	1035-20
Nov.	1070-71	−12	1066-55
January	1095-96	−18.5	1109-1089
March	1110-15	−2.5	1110-1098
May	1119-20	+3.5	1123-00
July	1129-40	+4.5	1130-15
Sept	1135-40	−15	1140

Sales: 3,727 (4,126) lots of 5 tonnes. ICO indicator prices for Sept. 17 (U.S. cents per pound): Other Mild Arabicas 124.00 (125.00); Robustas ICA 1976 125.25 (same); ICA 1968 126.50 (same); Unwashed Arabicas 211.50 (same). Comp. daily ICA 1968 165.67 (164.17).

GRAINS

WHEAT			BARLEY	
M'nth	Yesterday close	+ or −	Yesterday close	+ or −
Sept.	98.05	−0.15	89.85	−0.25
Nov.	98.80	−0.35	92.75	−0.35
Jan.	103.00	−0.35	96.90	−0.40
Mar.	106.80	−0.30	100.60	−0.30
May	110.30	−0.35	104.10	−0.45
July	114.05	−0.15	—	

Business done—Wheat: Sept. 98.40-98.00, Nov. 99.40-98.80, Jan. 103.50-102.95, March 107.15-106.75, May 110.70-110.30, July 114.25-114.00. Sales: 170 lots of 100 tonnes. Barley: Sept. 90.30-89.90, Nov. 93.25-92.75, Jan. 97.40-96.90, March 101.00-100.60, May 104.15-104.15. Sales: 259 lots of 100 tonnes.

NGCA — Locational ex-farm spot prices. Feed wheat: S. East 93.90, S. West 94.90, W. Midlands 94.60, N. West 94.70. Other milling wheat: S. East 95.30, W. Midlands 97.30, N. West 100.00. Feed barley: S. East 88.20, S. West 88.60, W. Midlands 85.00, N. West 85.00.

The market opened 10p higher but traded lower throughout a featureless day. Selling was attributed to commercial pressure and disappointment with the EEC restitutions. The market closed 15p to 35p down on the day, reported Acli.

RUBBER

The London physical market opened slightly easier, gradually moving lower throughout the day, closing on an easier note. Lewis and Peat reported on fob October price for No. 1 RSS in Kuala Lumpur of 304.5 (305.5) cents a kilo and SMR 20 at 265 (268).

Sales: 609 (669) at 15 tonnes; 25 (33) at 5 tonnes.

No. 1 R.S.S.	Yest'day Close	Previous Close	Business Done
Oct.	62.70-62.80	64.60-64.60	63.00-62.90
Nov.	63.70-63.90	65.40-65.50	64.50
Oct-Dec	63.70-63.80	65.20-65.40	64.40-63.60
Jan-Mar	67.60-67.70	69.20-69.40	69.00-67.60
Apr-Jne	71.00-71.10	72.40-72.50	72.50-71.00
Jly-Sept	74.00-74.10	75.40-75.50	74.90-74.00
Oct-Dec	76.80-76.90	78.00-78.10	77.50-76.40
Jan-Mar	79.40-79.50	80.80-80.90	80.20-79.90
Apl-Jne	81.90-82.00	83.20-83.60	82.00

Physical closing prices (buyer) were: Spot 61.75p (62.50p); Oct. 64.00p (64.75p); Nov. 65.00p (65.75p).

SOYABEAN MEAL

The London market opened easier on light long liquidation, reports T. G. Roddick. Quieter trading conditions prevailed both in cash and futures, but the market found support at lower levels.

	Yest'rday Close	+ or −	Business Done
	£ per tonne		
October	126.50-25.7	−1	127.00
December	152.00-33.4	−0.65	152.50-152.00
February	154.20-34.8	−0.75	154.50-154.00
April	155.30-55.5	−0.80	155.50-155.50
June	155.00-37.5	−0.75	—
August	155.50-36.7	−0.49	—
October	156.00-40.0	−0.75	—

Sales: 134 (343) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £360.00 (£345.00) a tonne cif for Sept.-Oct.-Nov. shipments. White sugar daily price was £465.00 (£356.00).

Keen short-covering was apparent at the opening following the strong overnight close in New York. Later, both March and May reached the £20 limit advance as buyers continued to press. On the reopening, March touched £413 before easing some £8 during the afternoon when the New York market failed to hold early gains, reports C. Czarnikow.

No. 4 Contract	Yest'rdays Close	Previous Close	Business Done
	£ per tonne		
Oct.	375.75-78.25	366.00-66.50	388.50-57.50
Jan.	392.60-94.75	384.00-85.00	405.50-385.0
Mch.	406.30-06.50	398.00-98.25	413.00-395.0
May	405.00-08.50	398.00-98.45	409.75-391.5
Aug.	385.50-84.50	378.50-78.50	390.70-79.50
Oct.	360.55-62.00	355.00-58.50	369.00-56.00
Jan.	326.50-27.50	327.25-28.00	338.00-32.00

Sales: 14,492 (8,418) lots of 50 tonnes.

NUMBER 2 CONTRACT—Close (in order buyer, seller, business, sales). Oct. 376.00, 378.00, 390.00-365.00, 336. Sales: 336 (96).

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.5 (same) a tonne for home trade and £456.00 (£441.00) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for Sept. 17. Daily price 35.85 (35.74). 15-day average 32.87 (32.53).

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Australian cents per pound. Oct. 471.0, 472.0, 472.0-469.0, 171; Dec. 480.5, 481.0, 482.0-479.0, 509; March 491.5, 492.0, 494.0-489.0, 316; May 500.0, 500.5, 500.0-496.0, 258; July 504.0, 505.0, 505.5-500.0, 188; Oct. 500.0, 500.0-498.0, 25; Dec. 500.0, 502.0-499.0, 47; March 501.0, 503.0, 502.0-500.0, 15. Sales: 1,529.

LONDON NEW ZEALAND CROSSBREDS—Close (in order, buyer, seller, business, sales), New Zealand cents per kilo: Oct. 363, 364, 363, 2; Dec. 370, 371, 370, 2; Jan. 369, 370, 371-369, 5; March 372, 373, 372, 3; May 372, 376, 376, 3; Aug. 374, 376, 376, 4; Oct. 378, 380, 377, 2; Dec. 383, 385, nil, nil; Jan. 383, 385, nil, nil; March 384, 386, nil, nil. Sales: 21.

BRADFORD—Business remains very quiet but the strength of wool in all primary markets is causing a firmer attitude and quotations for tops are being increased. Topmakers are not finding any significant response from spinners and manufacturers. High interest rates are still working against the holding of adequate stocks.

POTATOES

LONDON POTATO FUTURES—Lack of sellers at lower prices caused some firmness in the market on reasonable turnover. Some evidence of quality problems on quantities destined for storage was suggested as the reason for firmness, reports Coley and Harper. Closing prices Nov. 41.70 +130 (high 42.00 low 40.90), Feb. 48.80 +140 (high 48.80 low 47.80), April 55.50 +90 (high 56.00 low 54.70). Total traded 96 (70) lots of 40 tonnes.

PRICE CHANGES

In tonnes unless otherwise stated.

	Sept. 18 1980	+ or −	Month ago
Metals			
Aluminium	£810/815	......	£819/815
Free Mkt	$1570/1780	......	$1610/40
Copper			
Cas w'bar	£851	−10	£861.5
3 mths	£878.75	−7.75	£878.75
Cash Cathode	£823	−11.5	£833.3
3 mths	£852.5	−8	£854
Gold troy oz	$673.5	−3	$634.5
Lead Cash	£381.75	+5.5	£368.5
3 mths	£398.25	+4.5	£383.88
Nickel	£3,206.00	......	£3,188.45
Freemkt (cif lb)	280/315c	......	290/315c
Platin'm tr'y oz	£302	......	£132.50
Free mkt	£287.65	−6.6	£272.55
Quicksilver	$410/420	......	$405/415
Silver troy oz	875.55p	−33.75	873.20p
3 mths	910.05p	−35.75	899.80p
Tin Cash	£7,200	−70	£7,147.0
3 mths	£7,290	−55	£7,147.5
Tungsten 22.04 lb	$146.73	+0.63	$144.74
Wolfrm 22.04 lb	$151/154	......	$149/152
Zinc cash	£349	+9.8	£338.5
3 months	£358.85	+6	£344.5
Producers	$780	......	$780
Oils			
Coconut (Phil)	$590x	−25	$680
Groundnut	‡	......	‡
Linseed Crude	£380	......	£401
Palm Malayan	535v	−8.5	$522.5
Seeds			
Copra Philip	$405v	......	$450
Soyabean (U.S.)	$343t	+1	$314
Grains			
Barley Futures	£89.75	−0.35	£93.20
Maize			
French No3AM	£122.50	......	£125.0
Wheat			
No.1 Red Spg.	‡	......	‡
No 2 HardWint	£97.20t	......	£97.10
Eng. Milling†	‡	......	‡
Other commodities			
Cocoa ship't	£1,079	−7	£1,052
Future Dec.	£1018.5	−5	£997.5
Coffee F't Nov.	£1,070.0	−12	£1,266
Cotton A Index	100.70c	−0.20	96.70c
Rubber (kilo)	61.75p	−0.75	63p
Sugar (Raw)	£360	+15	£320
Woolt'ps 64s kl.	381p kilo	+3	288p kilo

MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets on September 18. GB cattle 89.51p per kg lw (−1.99); UK sheep 113.69p per kg est dcw (−2.69); GB pigs 67.49p per kg lw (+0.01).

No. TEN—Seeger — — — —

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 60.8 to 65.2; Ulster hindquarters 72.5 to 74.5, forequarters 42.5 to 44.5; Eire hindquarters 72.0 to 74.2, forequarters 42.0 to 43.8. Veal: Dutch hinds and ends 103.0 to 10.6. Lamb: English small 52.8 to 58.2, medium 51.5 to 55.2, heavy 44.4 to 50.0; Scottish medium 52.0 to 54.5, heavy 45.0 to 50.0. Imported frozen: NZ PL 58.0 to 57.5, PM 46.5 to 50.8. Pork: English, under 100 lb 40.0 to 49.2, 100-120 lb 36.5 to 48.0, 120-160 lb 38.5 to 45.5. Grouse: Young, best (each) 200.0 to 240.0, old (each) 100.0 to 140.0.

COVENT GARDEN—Prices in sterling per package except where otherwise stated: Imported Produce: Oranges—Brazilian: 72/138 4.00-4.80. Lemons—Italian: 100/150 6.00; Spania: Trays 25/45 2.40-2.80, Boxes 5.50-8.00; Outspan: Trays 45/75 4.60-5.00. Grapefruit—Dominican: 36/63 7.50; Honduras: 36/48 8.20-8.40. Tangerines—Brazilian: Honey ½-boxes 4.30-4.50. Apples—French: Golden Delicious approx. 20-lb. 72 1.90-2.00; 40-lb 125/150 4.00; Spanish: Granny Smith 40-lb 6.00-7.00. Pears—French: Per 28-lb Williams 2.80-3.00; Italian: Per pound Williams 0.13-0.16. Peaches—Italian: 1½-trays Nolao 1.80-2.60, Others 1.60-2.40. Nectarines—Italian: 4.00-5.00. Plums—Italian: Sosoe, Stanleys/Giant Prunes per pound 0.12-0.13. Greengages—Spanish: 1.80-2.00. Grapes—Italian: Regina per pack 1.40-1.60. Wino per pound 0.10; French: Alphonse Lavallee 5-kilos 2.20; Cyprus: 11-lb Roaski 1.80, Alphonse 1.80, Sultana 1.60-1.70; Spanish: Almeria 1.60-2.30, Black 2.30. Melons—Spanish: Yellow 10-kg 2.20-2.80, Green 7/11s 2.80-3.00. Water-Melons—Greek: Per 15-kg 3.00; Italian: 18-kg 6s 3.00. Bananas—Jamaican: 28-lb, per pound 0.19. Tomatoes—Jersey: 1.70-1.90; Dutch: 2.20; Guernsey: 2.00-2.40. Onions—Spanish: 2.20-2.80; Dutch: 2.30. Cabbages—Dutch: White 2.80-3.00.

English Produce: Potatoes—Per bag, new 1.20-1.80. Mushrooms—Per pound 0.40-0.60. Apples—Per pound Howgate 0.06-0.07, Derby 0.06-0.07, Laxton 0.12, Tydeman's Early Worcester 0.08-0.12, Bramleys 0.08-0.10, Worcester Pearmain 0.08-0.14, Cox's Orange Pippins 0.20-0.25. Pears—Per pound Williams 0.10, Conference 0.10-0.12, Bristol Cross 0.09. Plums—Per 12-lb Damsons 1.80-2.00, Marjorie Seedlings 2.40-2.60, Laxton Cropper 1.30-1.40. Strawberries—Per ½-lb 0.25-0.30. Cabbages—Per bag 1.40, white cabbage 2.60-2.80. Cauliflowers—Per 12 3.00-3.40. Beetroots—Per bag 1.00. Cucumbers—Trays 10/20 1.50-2.40. Tomatoes—Per 12-lb 1.60-2.00. Lettuce—Per 12 round 0.80-1.00, Cos 1.20, Webbs 1.20. Sprouts—Per 2.80. Celery—Per pack 20/30 2.40-2.60, naked 12s 1.00. Capsicums—Per pound 0.25. Runner Beans—Per pound 0.14-0.18. Swedes—Per 28-lb Devon 0.60. Courgettes—Per pound 0.18. Cob Nuts—Per pound 0.30-0.35. pound 0.10. Corn Cobs—Each 0.10. Carrots—New crop 28-lb 0.80-1.20. Onions—Per bag 1.50-2.30, Picklers

*

GRIMSBY FISH—Supply moderate, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £6.30-£7.80, codlings £3.20-£5.20; haddock (large) £4.20-£4.80, medium £3.00-£4.00, small £1.40-£2.50; Plaice (large) £6.80, medium £5.40-£6.40, best small £3.40-£4.80; skinned dogfish (large) £8.00-£9.00, medium £5.50-£6.50; rockfish £3.00; reds £1.80-£2.30; saithe £2.30-£3.40.

AMERICAN MARKETS

NEW YORK, Sept. 18.

PRECIOUS METALS were basically steady to mixed with light commission house buying on rumours of OPEC cutbacks in oil production. Copper backed off slightly on profit-taking. Sugar market rallied limit up on expectations of additional buying by the USSR and India. Coffee recovered moderately on short-covering. Cocoa continues to attract buying interest and price fixing and finished with slight gains. Cotton was the target of bargain hunting and rallied smartly for the day. The livestock complex was narrowly mixed in cattle and slightly higher in hogs and bellies on general evening-up before the pig crop report. Soyabeans and maize rallied the close while wheat was mixed on forward spreading, reported Heinold.

Copper—Sept. 92.20 (92.35), Oct. 92.65 (92.80), Nov. 93.60, Dec. 94.50, Jan. 95.35, March 97.05, May 98.60, July 100.10, Sept. 101.65, Dec. 104.10, Jan. 104.90, March 106.55, May 108.20, July 109.85.

Potatoes (round whites)—Nov. 92.4 (81.6), March 132.4 (130.8), April 153.1.

Sugar—No. 11: Oct. 38.55 (36.93), Jan. 39.90 (38.40), March 41.43, May 41.07, July 39.87, Sept. 38.00, Oct. 37.30, Jan. 33.88. Sales: 13,200.

CHICAGO, Sept. 18.

Chicago Imm Gold—Sept. 673.0 (673.0), Oct. 675.0 (676.0), Dec. 692.5, Jan. 701.3, March 719.5, April 728.0, June 746.0, July 754.8.

Lard—Chicago loose 22.75 (23.00). New York prime steam unavailable.

Live Cattle—Oct. 69.67 (68.85), Dec. 70.42 (70.57), Jan. 71.80, Feb. 72.02, April 73.92, June 74.92, Aug. 74.70, Oct. ——, Dec. 74.50.

Live Hogs—Oct. 47.35 (47.20), Dec. 50.45 (50.35), Feb. 54.12, April 53.02, June 56.47, July 57.42, Aug. 56.00, Oct. 53.72, Dec. 54.15.

‡‡Maize—Sept. 348-349½ (347½), Dec. 351¾-352¼ (351½), March 364-363¾, May 367½-367¾, July 367, Sept. 356¾-356½.

Pork Bellies—Feb. 69.57 (69.67), March 69.70 (69.40), May 70.92, Aug. 70.37.

Silver—Sept. 2090.0 (2030.0), Oct. 2100.0 (2040.0), Nov. ——, Dec. 2155.0-2160.0, Feb. 2210.5, April 2263.5, June 2318.5, Aug. 2369.5, Oct. 2422.5, Dec. 2475.5, Feb. 2529.5, April 2583.5, June 2637.5, Aug. 2691.5.

†Soyabeans—Sept. 834½-836 (832½), Nov. 855-853 (850), Jan. 874½-873½, March 893½-894, May 899½-900, July 899-900, Aug. 889, Sept. 854, Nov. 830.

‖Soyabean Meal—Sept. 244.0 (243.5), Oct. 245.0-244.5 (243.7), Dec. 250.8-250.0, Jan. 252.8, March 255.0-255.5, May 255.5, July 254.0-253.5, Aug. 246.5, Sept. 241.5.

Soyabean Oil—Sept. 27.55 (27.22), Oct. 27.45-27.40 (27.26), Dec. 28.10-28.20, Jan. 28.30-28.40, March 28.80-28.80, May 29.00, July 29.40, Aug. 29.30, Sept. 29.10-29.15.

†Wheat—Sept. 476 (475½), Dec. 495-494 (494½), March 514-513½, May 515-519½, July 518, Sept. 523½.

WINNIPEG, Sept. 18. §Barley—Oct. 137.80 (138.10), Dec. 140.20 (140.30), March 141.50, May 141.90, July 140.70.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 249.04 (250.04).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, September 18.

Wheat—U.S. No. 2 Dark Hard Winter, 13.5 per cent, Oct. 211, Nov. 214, Dec. 219. U.S. No. 2 Red Winter, Oct. 202, Nov. 205. U.S. No. 2 Northern Spring, 14 per cent, Sept. 211, Oct. 214, Nov. 217, Dec. 224.

Maize—Afloat $163, Sept. 161, Oct. 162, Nov. 165, Dec. 167.50, Jan.-March 174.90, April-June 177, July-Sept. 176.

Soyabeans—U.S. Two Yellow Gulfports, Sept 20-Oct. 10 333.80, Oct. 334.50 seller, 334 buyer, Nov. 339, Dec. 348.70, Jan. 352.25, Feb. 358.50, March 360.25, April 362.75, May 363.75 sellers. Argentine Sept. 329.50, half Sept.-half Oct. 329.50, Oct. 330.50. Paraguay half Sept.-half Oct. 323 sellers.

Soyameal—44 per cent protein U.S. afloat 293, Sept. 293, Oct. 297, Nov.-March 306. Brazil Pellets afloat 297, Oct. 306, Nov.-March 320.

PARIS, September 18.

Cocoa (FFr per 100 kilos)—Sept. 905-995, Dec. 982-994, March 1011-1025, May 1030-1045, July 1040, Sept. 1050. Sales at call: Nil.

Sugar (FFr per 100 kilos)—Nov. unquoted, Dec. 3730-3745, March 3900-3905, May 3880-3920, July 3760-3840, Aug. 3790-3850, Oct. 3650-3700, Nov. unquoted. Sales at call: 55.

INDICES

FINANCIAL TIMES

Sept. 17	Sept. 16	Mnth ago	Year ago
272.82	279.92	275.72	293.22

(Base: July 1, 1952=100)

MOODY'S

Sept. 17	Sept. 16	M'nth ago	Year ago
1312.4	1303.8	1238.2	1142.0

(December 31, 1931=100)

DOW JONES

Dow Jones	Sept. 17	Sept. 16	Month ago	Year ago
Spot	460.51	403.89	447.97	407.13
F'tur's	473.83	472.94	464.85	413.32

(Average 1924-25-26=100)

REUTERS

Sept. 18	Sept. 17	M'nth ago	Year ago
1758.3	1705.9	1736.4	1620.2

Base: September 18, 1931=100

COMPANY NOTICES

ANGLOVAAL GROUP

GROUP COMPANIES CLOSING OF TRANSFER BOOKS AND REGISTERS OF MEMBERS

NOTICE IS HEREBY GIVEN that the transfer books and registers of members of the following companies (all of which are incorporated in the Republic of South Africa) will be closed for the periods stated for the purpose of determining those persons entitled to attend the annual general meetings of members thereof.

Name of Company	Date of Closing Transfer Books and Register of Members 1980
ANGLO-TRANSVAAL CONSOLIDATED INVESTMENT COMPANY LIMITED	15 to 21 November
EASTERN TRANSVAAL CONSOLIDATED MINES LIMITED	2 to 8 October
HARTEBEESTFONTEIN GOLD MINING COMPANY LIMITED	15 to 22 October
MIDDLE WITWATERSRAND (WESTERN AREAS) LIMITED	15 to 21 October
ZANDPAN GOLD MINING COMPANY LIMITED	16 to 22 October

By Order of the Boards, London Secretaries, ANGLO-TRANSVAAL TRUSTEES LIMITED, per: L. S. FARMER.

London Secretaries:
295 Regent Street,
London W1R 8ST.
18 September, 1980.

LONDON STOCK EXCHANGE

GKN dividend cut reverses equity market trend and index loses 7.1 gain to close 3.1 down at 497.7

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Sept. 1	Sept. 11	Sept. 12	Sept. 22
Sept. 15	Sept. 25	Sept. 26	Oct. 6
Sept. 29	Oct. 9	Oct. 10	Oct. 20

* "New time" dealings may take place from 9 am two business days earlier.

A highly promising upturn in London stock markets was reversed abruptly yesterday afternooon by Guest Keen's shock interim dividend cut, half-yearly profits matching lowest market estimates and a warning about second-half prospects. Early strength resulted from several encouraging pointers ranging from the Bank of England's view on inflation and public spending, which backed up recent Treasury predictions of a marked slowdown in both over the next six months, to dock peace hopes. Wall Street's continued strength was another helpful influence and at 2.00 pm the FT 30-share index was 7.1 up and looking set to test its 1980 high; an hour later, it was a net 0.6 down and the fall was extended to one of 3.1 at the close of 497.7.

The Bank's comments about the financial pressures on industry, initially ignored by the equity market, were driven home with impressive force by GKN's statement and the company's interim dividend reduction was the second by an index constituent in a week. GKN fell dramatically from 234p to close at the day's lowest of 198p, down 30 on the overnight level. In sympathy, Tube Investments shed an early gain of 7 to end a net 10 off at 232p and other leading industrials closed well below the best. Another index constituent to show weakness was Distillers which, on the chairman's warning about prospects, dropped 10 to 215p.

The Bank's stress on the importance of controlling public sector borrowing together with the report that the Government was seriously considering pegging the sector's wage rises induced some support for Gilt-edged securities. The announcement that tenders for the new long tap stock, Exchequer 12 per cent 1998 "A," had been allotted in full was expected and this market, too, appeared on course for continued strength. The agreed dock peace formula gave additional cause for improvement, but the movement faltered after the GKN message and slipped further on a report that the Cabinet had decided that the time was not yet right for any cut in interest rates.

Profit-taking then began to pare gains, particularly in the trading stocks, and Treasury 13 per cent 2000 settled only ⅛ up at 100½, after 101⅜, while the recently-exhausted medium tap, Treasury 11¾ per cent 1991 "A," closed ⅛ higher at 47¾, after 48¼. Rises elsewhere among medium-longs extended to a full point but these were also being reduced in the after-hours' trade. Shorter-dated issues, similarly, had their gains halved from ½ to around ¼.

Demand for Traded options fell away sharply and only 645 deals were arranged, the lowest total so far this month. GEC attracted a fair measure of support with 188 trades, while Cons. Gold Fields were dealt 111 times on the back of the pleasing annual results.

London United good

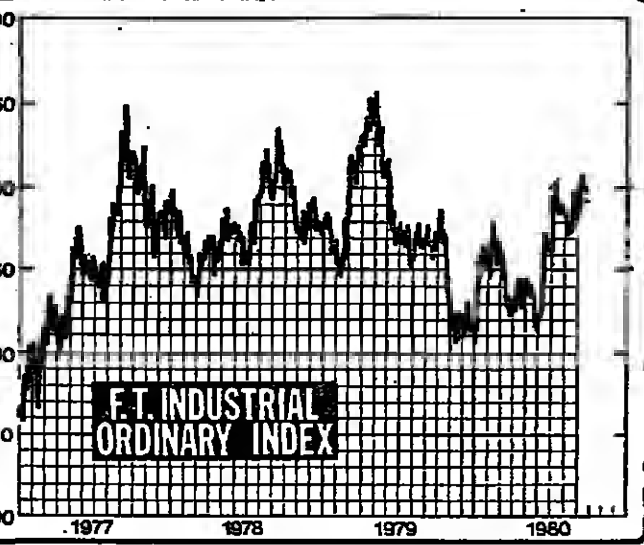
Very firm and fairly active trading conditions prevailed in Insurances. London United Investments featured Composites with a rise of 15 to 160p, while Eagle Star gained 4 to 270p on further consideration of the satisfactory interim results. Comment on the better-than-expected half-year results helped Legal and General improve 4 more to 257p among Life issues in which Prudential added 10 to 268p and Pearl, 438p, and Britannic, 268p, rose 6 apiece. Lloyds Brokers continued to make progress with Willis Faber's good results attracting fresh support in the sector. Willis Faber advanced 9 more to 269p, while Stewart Wrightson, 242p, C. E. Heath, 222p, and Sedgwick, 136p, all appreciated 7. Minet added 5 to 117p and Stenhouse rose 4 to 96p.

Discount Houses closed firmer throughout with gains to 6. With the exception of Midland, which gave up 4 to 358p, the major clearers trended firmly, NatWest putting on 5 to 400p and Lloyds 3 to 338p.

The bearish tone of the chairman's statement at the annual meeting prompted further marked weakness in Distillers, 10 lower at 215p. Other Wines and Spirits eased in sympathy. Breweries were mixed. The leaders ended a shade easier with Scottish and Newcastle shedding 1½ to 68p, but regional issues were selectively firm. Wolverhampton and Dudley improved 6 to 196p, while the satisfactory progress made by Boddingtons in the first-half left the shares 3 up at 95p.

Quietly firm conditions prevailed among leading Buildings. Elsewhere, Montague L. Meyer touched 103p before closing a net 2 dearer at 100p as speculative interest revived, while Crouch Group added 5 to a 1980 peak of 108p and Burnett and Hallamshire advanced 15 to 790p, the last-named in a thin market. Buying ahead of next Wednesday's preliminary results left Ben Bailey 2 firmer at 18p. Others to attract support included Ibstock Johnsen, up 3 at 66p.

Demand for ICI petered out around mid-session and the close was just a couple of pence higher at 356p, after 360p. Laporte hardened a penny to 105p awaiting today's interim results, while Croda finished a fraction better at 35p, after 35½p, despite the halved interim profits.



Kitchen Queen flat

Despite announcing interim profits below general expectations, the maintained dividend and accompanying statement helped UDS gain 2 to 68p. Other Store majors recovered from an easier opening and closed a penny or two higher. Gussies "A" were particularly firm, rising 6 to 470p. Further profit-taking clipped 4 from Cornell Dresses, 64p, but speculative interest was directed to Martin Ford, a few pence firmer at 23p, and Fine Art Developments, 5 better at 78p. News of a further £1.5m provision against losses in its retailing interests depressed Kitchen Queen, 4 down at 9p, after 8p. Mail-orders were also dull, with Empire and Grattan Warehouses easing 4 apiece to 140p, and 54p respectively; the latter announces interim results next Wednesday.

Although closing below the best, gains in the Electrical leaders still ranged to 7. Rallying further from the depressed level of 344p which followed last Friday's forecast of lower first-half profits, Thorn EMI closed 6 better at 358p, after 360p. GEC ended 5 to the good at 535p, after 540p, while Racal closed a similar amount dearer at 332p. BICC rose 7 to 153p and Bowthorpe 6 to 171p. Elsewhere, Sony jumped 35 more for a two-day advance of 75 to 680p on further consideration of the record 9-monthly profits. Webber Electronic appreciated 8 to 102p and Emess Lighting put on 6 to 173p, while Brocks revived with a rise of 4 to 31p, after 33p.

Although entirely not unexpected, GKN's decision to substantially cut the interim dividend prompted dealers to immediately mark the shares down from an initial firm level of 234p to 212p; consideration about the rest of the gloomy statement, particularly the warning about second-half prospects, sparked off selling which saw the shares close 30 down at a 1980 low of 198p. The figures demoralised other engineering leaders; Tubes, up 7 earlier closed 10 down on balance at 232p, while Vickers declined 4 to 131p, after 136p. Hawker reacted from 240p to close only a net 2 dearer at 234p, while John Brown lost an early rise of around 4 to finish unaltered at 65½p. Elsewhere, Delta Metal put on 3½ to 58½p, after 60p, following better-than-expected interim results. Westland found renewed support at 151p, up 6, and ML put on 5 to 360p. Ductile Steels added 4 to 67p as did Davy Corporation, to 115p. B. Elliott lost 7 to 238p on the chairman's profits warning.

Rowntree Mackintosh closed a net 4 cheaper at 174p after touching 180p immediately following the interim results; the decline in profits was largely discounted. Among other Foods, Tate and Lyle put on 4 to 168p reflecting the three month peak in sugar prices following the Soviet Union's heavy buying. Associated Dairies continued firmly, up 4 more at a 1980 peak of 242p, but J. Sainsbury eased 5 to 515p. Elsewhere, buying in a thin market lifted Bluebird Confectionery 4 to 45p, but Bernard Matthews shed 12 to 255p on small selling.

Hotels and Caterers featured Ladbroke which put on 7 to a 1980 peak of 208p.

Johnson Matthey up

The early afterooon announcement of GKN's abysmal interim statement prompted a swift turn-around in the miscellaneous industrial leaders. Closing levels were below the best with Glaxo finishing 4 up at 258p, after 260p, and Unilever 8 higher at 508p, after 511p. Metal Box came back from 292p to close unaltered at 286p, while Turner and Newall, the other major blue-chip to recently cut its half-yearly dividend, lost 3 to 104p. Elsewhere, Johnson Matthey rose 17 for a rise on the week so far of 37 at 273p on further consideration of the company's bullion interests and on revived suggestions of a possible bid from Charter Consolidated. Polymark rose 8 to 90p following the chairman's encouraging statement and Pentos added 6 to 53p in response to speculative support. Booker McConnell, 53p, and T. Marshall Loxley A, 26p, both improved 2 following their respective interim statements but Steetley fell 6 to 188p on the first-half profits contraction. News of the interim dividend omission and half-year profits setback also clipped a couple of pence from Brown Boveri Kent at 28p.

Lucas fell 9 to 201p in sympathy with the poor interim statement from GKN. Automotive Products eased 3 at 88p, but other Motor Components trended firmer. Dowty, 244p, and Flight Refuelling, 271p added 3 apiece, while Kwik-Fit hardened 2 to 95p. The sharp drop in first-half earnings from Harold Perry was much as expected and the shares, dull of late, rallied strongly to close 8 better at 71p.

Among firm Newspapers, Associated advanced 8 to 273p, while Daily Mail A rose 13 to 488p. United, interim results due Tuesday, picked up 2 at 210p, but the slump in interim profits and gloomy statement clipped 2 from Liverpool Daily Post, 98p, after 96p. Haynes Publishing continued to recover from the poor results and closed 7 up at 140p. Elsewhere, Inveresk rallied 3 to 25p, but further consideration of the disappointing interim statement left Bemrose 2 cheaper for a two-day fall of 7 at 29p.

The undertone in Properties was firm, but best levels were not always held. MEPC finished 3 dearer at 251p, after 253p, and Land Securities a penny up at 391p, after 392p. Secondary issues were featured by Marler Estates which, after recent strength, jumped 14 to 108p, after 112p, on the announcement of a bid approach. Buying ahead of next Monday's preliminary results lifted A. and J. Mucklow 7 to 210p. Second City Properties added 2½ to 70p on the satisfactory annual results and property revaluation. McKay Securities held at 160p; the price in yesterday's issue was incorrect.

Aran Energy fall

The Oil majors made progress on Saudi Arabia's move to unify basic oil prices, British Petroleum and Shell adding 6 apiece to 258p and 414p respectively. Vague bid rumours accompanied demand for Ultramar which put on 14 to 378p, after 382p. Press comment suggesting that British Petroleum's second well off the coast of Ireland indicated only a modest flow of oil prompted selling of Aran Energy which, on the company's near-17 per cent stake in the venture, dropped to 350p before closing a net 50 down at 370p.

Capital issues continued to make the running in Investment Trusts with gains often extending into double figures. City and Commercial Capital rose 10 at 218p, while Dualvest Capital put on 12 to 376p. Rothschild overcame the recent family altercation and closed 9 higher at 361p. Among Financials, the increased interim profits and dividend lifted Corinthian 2 to 33p, while reflection of the recent strength of the Gold market helped stockjobbers Smith Bros. 4 up at 41p.

Quiet Mines

Mining markets were considerably quieter after the flurry of activity on Wednesday. South African Golds tended to ease for most of the day reflecting a marginal decline in the bullion price—finally $3 down at $672.50 an ounce—with one or two attempts at a rally being met by modest profit-taking. Most issues closed a fraction easier, and the Gold Mines index declined 0.2 to 467.7.

The London Financials suffered from profit-taking after Wednesday's substantial gains. RTZ gave back 12 of the previous day's rise of 19 and closed at 475p, but Gold Fields staged a good rally in the afternoon and ended only 2 cheaper on balance at 608p, after touching 600p.

Australians held steady in subdued trading. Peko-Wallsend attracted further support on further consideration of the recent Tennant Creek gold find and added 15 to a year's high of 550p.

Tins were better where changed. Killinghall rose 25 more to 400p, while Berjuntai put on 8 to 273p. Beralt Tin and Wolfram gained 5 to 72p.

Elsewhere, the Dublin-based Silvermines came under heavy pressure and dropped to 18p before recovering to close a net 19 down at 11p, reflecting the sharp fall in Aran Energy in which Silvermines has a 21.7 per cent holding.

FINANCIAL TIMES STOCK INDICES

	Sept. 18	Sept. 17	Sept. 16	Sept. 15	Sept. 12	Sept. 11	A year ago
Government Secs	71.10	70.61	70.47	70.76	70.84	70.78	72.02
Fixed Interest	71.97	71.78	71.71	71.75	71.89	71.86	72.58
Industrial Ord.	497.7	500.8	498.3	500.7	508.9	503.0	458.1
Gold Mines	467.7	467.9	464.7	470.2	468.4	445.8	211.5
Ord. Div. Yield	7.35	7.33	7.37	7.35	7.22	7.30	7.12
Earnings, Yld. % (full)	17.36	17.27	17.35	17.33	17.00	17.23	18.44
P/E Ratio (net) (*)	7.02	7.05	7.02	7.05	7.17	7.07	6.84
Total Bargains	20,602	19,974	21,197	22,304	23,896	22,478	18,253
Equity turnover £m.	—	120.54	94.90	129.58	167.76	128.72	85.98
Equity bargains total	—	11,906	17,474	17,907	19,257	17,347	12,187

10 am 504.7. 11 am 505.9. Noon 508.7. 1 pm 507.4. 2 pm 507.9. 3 pm 500.2.
Latest Index 01-2468026.
*Nil = 6.55.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.
t Correction.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	72.54 (21/7)	63.85 (7/3)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	74.08 (24/7)	64.70 (18/3)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	508.9 (12/9)	405.9 (3/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	467.9 (17/9)	265.6 (16/5)	467.9 (17/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Sept. 18	Sept. 17
—Daily		
Gilt Edged	107.4	119.8
Industrials	118.8	117.9
Speculative	68.4	96.5
Totals	91.9	96.7
5-day Avrge.		
Gilt Edged	111.0	113.8
Industrials	125.2	127.3
Speculative	82.0	82.0
Totals	87.7	89.1

NEW HIGHS AND LOWS FOR 1980

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS (294)

BRITISH FUNDS (7)
AMERICANS (14)
CANADIANS (1)
BANKS (7)
BEERS (2)
BUILDINGS (9)
DRAPERY & STORES (2)
ELECTRICALS (6)
ENGINEERING (10)
FOODS (3)
HOTELS (1)
INDUSTRIALS (12)
INSURANCE (7)
LEISURE (1)
MOTORS (1)
NEWSPAPERS (2)
PAPER (1)
PROPERTY (8)
TRUSTS (18)
OIL & GAS (5)
OVERSEAS TRADERS (5)
MINES (14)

NEW LOWS (22)

CANADIANS (1)
Bell Canada
BUILDINGS (2)
Roberts Adlard   Sheffield Brick
ENGINEERING (7)
Amalgamated Power   GKN
Brown & Tawse   Neill (James)
Butterfield Harvey   Wombwell Foundry
Duport
FOODS (1)
Barker & Dobson
INDUSTRIALS (7)
Bellerinvest   M.Y. Dart
Carlton Inds.   Prestige Group
Dunhill (Alfred)   Rockware
Longton Industrial
NEWSPAPERS (1)
Liverpool Daily Post
PAPER (1)
Bemrose
TEXTILES (1)
Leeds Dyers
TRUSTS (1)
Lamont

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	[illegible]	[illegible]	[illegible]
Corpns., Dom. and Foreign Bonds	[illegible]	[illegible]	[illegible]
Industrials	[illegible]	[illegible]	[illegible]
Financial and Prop.	[illegible]	[illegible]	[illegible]
Oils	[illegible]	[illegible]	[illegible]
Plantations	[illegible]	[illegible]	[illegible]
Mines	[illegible]	[illegible]	[illegible]
Others	[illegible]	[illegible]	[illegible]
Totals	[illegible]	[illegible]	[illegible]

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Thurs., Sept. 18, 1980: Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed. Sept. 17 Index No.	Tues. Sept. 16 Index No.	Mon. Sept. 15 Index No.	Fri. Sept. 12 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (171)	296.16	+0.4	15.36	5.59	7.97	294.89	292.63	293.41	294.77	237.03
2	Building Materials (28)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	230.03
3	Contracting, Construction (27)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	378.51
4	Electricals (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	605.50
5	Engineering Contractors (11)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	325.83
6	Mechanical Engineering (72)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	161.38
8	Metals and Metal Forming (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	156.20
11	CONSUMER GOODS (DURABLE) (49)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	230.31
12	Lt. Electronics, Radio, TV (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	329.21
13	Household Goods (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	142.17
14	Motors and Distributors (21)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	108.23
21	CONSUMER GOODS (NON DURABLES) (172)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	232.42
22	Breweries (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	283.10
23	Wines and Spirits (5)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	323.17
24	Entertainment, Catering (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25	Food Manufacturers (22)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26	Food Retailing (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32	Newspapers, Publishing (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33	Packaging and Paper (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34	Stores (45)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35	Textiles (21)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36	Tobaccos (3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
37	Toys and Games (5)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41	OTHER GROUPS (99)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42	Chemicals (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43	Pharmaceutical Products (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44	Office Equipment (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45	Shipping (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46	Miscellaneous (60)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49	INDUSTRIAL GROUP (491)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51	Oils (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59	500 SHARE INDEX	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (118)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63	Discount Houses (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64	Hire Purchase (5)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance Brokers (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (45)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Miscellaneous (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (109)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (750)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST PRICE INDICES

	British Government	Thurs., Sept. 18	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	106.85	+0.16	—	7.42
2	5-15 years	113.68	+0.74	0.26	9.07
3	Over 15 years	124.81	+0.68	—	9.56
4	Irredeemables	133.55	+1.14	—	9.82
5	All stocks	113.21	+0.54	0.07	8.62

FIXED INTEREST YIELDS British Govt. Av. Gross Red.

			Thurs. Sept. 18	Wed. Sept. 17	Year ago (approx.)
1	Low	5 years	11.54	11.65	10.24
2	Coupons	15 years	11.54	11.65	[illegible]
3		25 years	11.55	11.65	[illegible]
4	Medium	5 years	12.87	12.99	12.32
5	Coupons	15 years	13.06	13.18	12.41
6		25 years	[illegible]	13.13	[illegible]
7	High	5 years	13.05	13.13	12.71
8	Coupons	15 years	13.36	13.46	12.87
9		25 years	[illegible]	13.14	[illegible]
10	Irredeemables		11.07	11.19	[illegible]

		Thur., Sept. 18 Index No.	Thur., Sept. 18 Yield %	Wed. Sept. 17	Tues. Sept. 16	Mon. Sept. 15	Friday Sept. 12	Thurs. Sept. 11	Wed. Sept. 10	Tues. Sept. 9	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	63.31	†13.66	63.47	63.44	63.47	63.32	63.26	63.28	52.96	58.10
16	Investment Trust Prefs. (15)	51.77	13.05	51.66	51.66	51.66	51.63	51.53	51.38	51.63	[illegible]
17	Coml. and Indl. Prefs. (20)	67.89	13.23	67.92	67.92	67.92	68.07	68.12	67.91	67.75	69.64

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
Johnson Matthey	£1	10	273	+ 17	273	102
Cons. Gold Flds.	25p	8	608	− 2	615	385
RTZ	25p	8	475	− 12	491	327
Gus A	25p	7	470	+ 6	470	340
Sedgwick Grp.	10p	7	136	+ 7	136	88
BICC	50p	6	153	+ 7	153	95
BP	25p	6	358	+ 6	412	320
Burmah Oil	£1	6	191	− 2	249	162
Eng. China Clays	25p	6	108	+ 2	112	74
Fine Art Devs.	5p	6	78	+ 5	78	47½
GEC	25p	6	535	+ 5	540	326
GKN	£1	6	198	− 30	279	198
Thorn EMI	25p	6	358	+ 6	380	260
Vaal Reefs	R0.50	6	£38¼	+ ¼	£38¼	£20¼
Boots	25p	5	252	+ 4	256	156

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Sept. 8	Sept. 19	Dec. 4	Dec. 15
Sept. 22	Oct. 3	Dec. 16	Dec. 29
Oct. 6	Oct. 17	Jan. 8	Jan. 19

For rate indications see end of Share Information Service

Call options were arranged in Tebbitt, Montague L. Meyer, Raglan Properties, Burmah Oil, Town and City Properties, Harmony, Kinross, Barker and Dobson, Premier Oil, Charterhall, Target Petroleum, KCA, Northern Kalgurli, C. H. Industrial, United City Merchants, Magnet Metals, Pennine Motor, Oil Search and Courtaulds. A put was arranged in Whessoe, while a double was completed in Target Petroleum.

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Gartmore Invest. Ltd. Ldn. Agts.
2, St. Mary Axe, London, EC3. 01-283 3531

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	53.2	57.2	+1.0	2.53
Abbey Capital	43.9	47.4	+0.5	5.16
Abbey General	55.1	59.5	+0.4	5.28
Abbey Gilt & F.I. Tst.	115.7	119.7	+0.4	11.43
Abbey Income	35.4	38.3	+0.3	9.05
Abbey W'Wide Bd Tst.	93.3	98.7	-0.1	6.79
Abbey Inc. Tst. Fnd.	48.0	51.9	+0.8	4.89
Equitas Prog. Trust	83.5	90.3	+0.6	4.77

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt Trust	95.0	97.9	+0.6	12.59

Allied-Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex. 01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	88.1	94.3	+1.0	5.89
Brit. Inds. Fund	78.7	84.2	+0.6	6.18
Growth & Income	49.3	52.8	+0.5	5.27
Elect. & Ind. Dev.	44.0	47.1	+0.4	5.20
Allied Capital	94.6	101.2	+0.9	4.40
Hambro Fund	135.7	145.2	+1.2	5.98
Hambro Acc. Fund	173.3	185.4	+1.7	4.85
Income Funds				
High Yield Fd.	65.5	70.1	+0.2	9.84
High Income	78.0	83.5	+0.8	7.40
A. H. Eq. Inc.	45.6	48.8	+0.6	7.44
Govt. Secs.	26.7	27.4	+0.2	11.61
International Funds				
International	33.2	35.5	+0.4	3.04
Pacific Fund	55.7	59.6	----	2.06
Secs. Of America	67.6	72.3	+1.0	2.49
Specialist Funds				
Smaller Co.'s Fd.	52.3	56.0	+0.4	4.55
2nd Smlr. Co's Fd.	61.1	65.4	+0.3	4.56
Recovery Sits.	130.4	139.5	+0.9	5.99
Met. Min. & C'dty.	71.5	76.5	+0.6	5.86
Overseas Earnings	68.6	73.4	+0.6	5.25
Exempt Funds				
Income Exempt	—	50.0	----	8.50
Far East Exempt	61.4	63.9	-0.3	2.35
Smaller Co. Exempt	82.1	86.2	+0.7	4.64
U.S.A. Exempt	115.7	120.3	+2.0	2.91

Confederation Funds Mgt. Ltd. (a)
50, Chancery Lane, WC2A 1HE. 01-242 0282

Growth Fund	68.9	72.5	----	4.12

For Cosmopolitan see Chieftain Fund Managers.

Craigmount Unit Tst. Mgrs. Ltd.
40 Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	37.1	40.5	+0.2	11.16
North American	56.0	60.4	+0.8	2.86
Canadian Exempt*	62.3	65.8	----	3.59
Canadian Trust	62.4	67.4	+0.3	2.67
Mid Mount High Inc.*	48.4	51.2	----	9.43
Recovery	58.8	63.9	+0.7	6.76
Gilt Trust	44.9	46.9	+0.4	12.34

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	35.4	38.2	+0.7	0.98
Cres. Internat'l.	70.1	75.7	+0.6	2.31
Cres. High. Dist.	42.7	46.1	+0.2	10.57
Cres. Reserves	51.6	55.7	+0.6	5.39
Cres. Tokyo	23.5	25.3	+0.1	1.00

Dartington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	24.1	25.5	----	12.10

Discretionary Unit Fund Managers
Bilbao Hse, 36/38 New Broad St, EC2M 1NU. 01-638 4485

Disc. Inc. Sept. 12	225.5	240.5	----	5.48

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	17.3	19.7	----	7.60
Gt. Winchester O'seas	23.8	26.4	----	4.22

Emson & Dudley Tst. Mngmnt. Ltd.
20b Albemarle St., W1. 01-493 3211

Emson Dudley Tst.	82.1	88.3	----	6.80

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	89.4	94.1	+0.9	4.68

Fidelity International Management Ltd.
62-63, Queen St., London, EC4R 1AD. 01-248 4891

American	30.4	32.7	+0.5	1.00
Gilt + Fixed Int.	26.0	11.98	+0.2	11.99
Growth + Income	31.5	33.9	+0.2	7.17
Special Sits.	36.2	39.0	+0.1	2.31

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	35.6	38.3	----	1.61
Accum. Units	43.8	47.3	----	1.61

[illegible]

INSURANCE PROPERTY BONDS

[illegible]

OFFSHORE & OVERSEAS FUNDS

[illegible]

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

1980 High	Low	Stock	Price £	+ or −	Int.	Red.
91	82¾	Aust. 5½pc '81-82	88¾xd	+¼	6.18	13.69
83¾	72½	Do. 6pc 1981-83	84¼	+¼	7.27	12.81
67	58	N.Z. 7¼pc 1988-92	65½	+½	11.33	13.48
81½	72	Do. 7½pc '83-86	81	+¼	9.48	12.72
96¾	88	Sth. Africa 9½pc '79-81	96½	+¼	10.23	16.54
160	95	S. Rhod. 2½pc Non-Ass.	97	......	—	30.33
169	133	Do. 6pc '78-81 N.-As.	141	......	—	30.64

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

1980 High	Low	Stock	Price	+ or −	Div. Gross	Cvr	Y'ld Gr's
22⅞	12¾	Hollinger $5	19	......	$2.20	—	4.4
11¾	850p	Hudson's Bay ‖	930xd	......	$1.20	—	4.9
14¼	925p	Hud. B. Oil G. $2½	11¼	−⅝	57½	—	1.9
21⅞	13¼	Imperial Oil ‖	14⅜	−¼	$1.40	—	3.7
14	855p	Inco ‖	10⅝	−¼	72c	—	2.6
565p	425p	Int. Nat. Gas $1	540p	......	$1.00	—	7.0
495p	250p	Massey Ferg. ‖	285p	−5	—	—	—
200p	100p	Place Gas $1	182p	+2	—	—	—
14⅛	10½	Rio Algom	13½	+⅛	$1.50	—	4.2
20	14½	Royal Bk. Can. $2	19⅝	−⅛	$2.56	—	5.1
25⅞	15¼	Seagram Co. C$1	25⅞	......	US$1.10	—	1.9
12	890p	Tor. Dom. Bk. $1	10⅞	+⅛	$1.44	—	5.0
10½	815p	Trans Can. Pipe	815p	......	$1.16	—	5.4

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

BUILDING INDUSTRY—Contd.

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

Head Office: The Financial Times Limited, Bracken House, 10 Cannon Street, London EC4P 4BY
Telex: Editorial 8954871. Advertisements: 885033. Telegrams: Finantimo, London.
Telephone: 01-248 8000.

Frankfurt Office: The Financial Times (Europe) Ltd., Frankenallee 68-72, 6000 Frankfurt-am-Main 1.
Telex: Editorial 416052. Commercial 416193. Telephone: Editorial 7598 234. Commercial 7598 1.

INTERNATIONAL AND BRITISH OFFICES

EDITORIAL OFFICES

Amsterdam: P.O. Box 1296, Amsterdam-C. Telex: 16527 Tel: 276 796
Birmingham: George Hse., George Rd., B15 1PG Telex: 338650 Tel: 021-454 0922
Bonn: Presshaus 11/104 Heussallee 2-10. Telex: 8869542 Tel: 210039
Brussels: 39 Rue Ducale. Telex: 23283 Fax: 512 1404 Tel: 512 9037
Cairo: P.O. Box 2040. Tel: 938510
Dublin: Setanta Hse., Kildare St., Dublin 2. Telex: 747111 Tel: 779801 ext. 249
Edinburgh: 37 George Street, EH2 2HN Telex: 72484 Tel: 031-226 4120
Frankfurt: Frankenallee 71-81 Telex: 416052 Tel: 7598 234
Johannesburg: P.O. Box 2128 Telex: 8-6257 Tel: 838-7545
Lisbon: Praca de Alegria 58-1D, Lisbon 2. Telex: 12533 Tel: 362 508
Madrid: Espronceda 32, Madrid 3. Tel: 441 6772
Manchester: Queen's Hse., Queen St., M2 5HT Telex: 666813 Tel: 061-834 9381
Mexico: Paseo de la Reforma 122-10, Mexico 6DF. Tel: 53513-68
Moscow: Kutuzovsky 14, Apartment 1, Moscow. Telex: 7900 Tel: 243 1635
New York: 75 Rockefeller Plaza, N.Y. 10019. Telex: 66390 Tel: (212) 541 4625
Paris: Centre d'Affaires Le Louvre, 168 Rue de Rivoli, 75044 Telex: 220044 Tel: 297 2000
Rome: Via della Mercede 55. Telex: 610032 Tel: 678 3314
Stockholm: c/o Svenska Dagbladet, Raalambsvagen 7. Telex: 17603 Tel: 50 60 88
Tokyo: 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku. Fax: 245 0358 Tel: 241 2920
Washington: 914 National Press Building, Washington D.C. 20045 Telex: 440340 Tel: (202) 347 8676

ADVERTISEMENT OFFICES

Birmingham: George House, George Road. Telex: 338650 Tel: 021-454 0922
Edinburgh: 37 George Street. Telex: 72484 Tel: 031-226 4139
Leeds: Permanent House, The Headrow. Tel: 0532 454969
Manchester: Queen's House, Queen Street. Telex: 666813 Tel: 061-834 9381
Frankfurt: Frankenallee 68-72. Telex: 416193 Tel: 7598 1
New York: 75 Rockefeller Plaza, N.Y. 10019. Telex: 238409 Tel: (212) 489 8300
Paris: Centre d'Affaires Le Louvre, 168 Rue de Rivoli, 75044. Telex: 220044 Tel: 297 2000
Tokyo: Kasahara Building, 1-6-10 Uchikanda, Chiyoda-ku. Telex: J27104 Tel: 295 4050

Overseas advertisement representatives in Central and South America, Africa, the Middle East, Asia and the Far East
For further details, please contact: Overseas Advertisement Department, Financial Times, Bracken House, 10, Cannon Street, London EC4P 4BY

SUBSCRIPTIONS

Copies obtainable from newsagents and bookstalls worldwide or on regular subscription from Subscription departments: Financial Times in London, Frankfurt, New York and Paris

For Share Index and Business News Summary in London, Birmingham, Liverpool and Manchester, Tel: 246 8026

INDUSTRIALS—Continued

INSURANCE—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

FINANCE, LAND—Continued

OIL AND GAS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—Continued

Australian

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
25	21	Acmex 50c	22	......	—	—	—
24	12	ACM 20c	19	......	—	—	—
138	52½	Bond Corp.	138	......	hQ2.8c	2.2	1.0
156	88	Bougainville I Kina	126	−1	[illegible]	1.0	10.6
*347	221	CRA 50c	318xr	−2	tQ15c	2.1	8.3
25	11½	Canada Northwest	19	+½	—	—	—
42	8	Carr Boyd 20c	40	......	—	—	—
£38	£15¼	Central Pacific	£37½	......	—	—	—
41	17	Coltus Pacific N.L.	30	......	—	—	—
52	20	Eagle Corp. 10c	42	......	—	—	—
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Tins

Copper

Miscellaneous

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ф Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ◆ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- ǁ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

			IRISH		
Albany Inv. 20p	36	+1	Conv. 9% '80/82	£93¾	......
Bertam	15	......	Nat. 9¾% 84/89	£82½	......
Bdg'wtr. Est. 50p	450	......	Fin. 13% 97/02	£90¾	−⅛
Craig & Rose £1	£11	......	Alliance Gas	50	−1
Fife Forge	35	......	Arnott	200	......
Finlay Pkg. 5p	29	+2	Carroll (P.J.)	72	......
Graig Ship. £1	£13	......	Clondalkin	118	......
Higsons Brew	77	......	Concrete Prods.	80	......
Holt (Jos) 25p	260	......	Heiton (Hldgs.)	29	......
I.O.M. Stm. £1	152	......	Ins. Corp.	275	......
Pearce (C. H.)	465	......	Irish Ropes	42	......
Peel Mills	45	......	Jacob	51	......
Sheff. Refrshmt	103	......	T.M.G.	79	+5
Sindall (Wm.)	141	......	Unidare	75	−2

OPTIONS

3-month Call Rates

Industrials		I.C.I.	27	Utd. Drapery	6½
A. Brew	7	"Imps"	6½	Vickers	12
BOC Intl.	6	I.C.L.	14	Woolworths	5½
B.S.R.	4½	Inveresk	4		
Babcock	8	Ladbroke	15	**Property**	
Barclays Bank	34	Legal & Gen.	15	Brit. Land	7
Beecham	10	Lex Service	8	Cap. Counties	9
Blue Circle	25	Lloyds Bank	24	Land Secs.	24
Boots	16	"Lofs"	3½	MEPC	17
Bowaters	15	London Brick	6	Peachey	13
B.A.T.	20	Lucas Inds.	17	Samuel Props.	12
Brown (J.)	6	"Mams"	14	Town & City	2
Burton 'A'	20	Mrks. & Spncr	8		
Cadburys	5½	Midland Bank	26	**Oils**	
Courtaulds	8	N.E.I.	5	Brit. Petroleum	32
Debenhams	8	Nat. West. Bank	27	Burmah Oil	20
Distillers	17	P & O Dfd.	10	Charterhall	10
Dunlop	7½	Plessey	14	KCA	11
Eagle Star	15	Racal Elect.	22	Premier	13
F.N.F.C.	2¼	R.H.M.	4½	Shell	35
Gen. Accident	21	Rank Org.	15	Tricentrol	40
Gen. Electric	30	Reed Intnl.	16	Ultramar	35
Glaxo	18	Sears	5		
Grand Met.	12	Tesco	6	**Mines**	
G.U.S. 'A'	34	Thorn	23	Charter Cons.	14
Guardian	23	Trust Houses	12	Cons. Gold	40
G.K.N.	20	Tube Invest.	29	Lonrho	8
Hawker Sidd.	15	Unilever	40	Rio T. Zinc	35
House of Fraser	15	U.D.T.	5½		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 40

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

FINANCIAL TIMES
Friday September 19 1980

Carter threat to EEC textiles

By David Buchan in Washington

PRESIDENT Jimmy Carter yesterday signed a proclamation that the U.S. will next January raise duties on some European textile imports, mainly woollen goods from the UK, if the European Community does not end its quotas on U.S. polyester fibres at the end of this year.

His threatened retaliation is specially directed against Britain, because it was at the behest of Mrs. Thatcher's Government that the EEC imposed quotas in February on U.S. polyester filament and nylon carpet yarn. Those limits expire this December, a commitment to which the Carter Administration wants to hold the EEC.

Yesterday's statement said that if the quotas continued into 1981, then duties on some $80m-worth of European exports a year would be raised.

The tariff on one category of man-made fibre yarn would increase from 8 to 20 per cent, while duties on shipments from Europe of woollen products would rise from 20 to 37 per cent. Britain is the biggest supplier of woollen goods from Europe to the U.S.

Yesterday's statement detailed a warning made on July 17 by Mr. Reubin Askew, U.S. trade negotiator, and was issued to allow for public comment in the U.S.

Simultaneously it will do President Carter no electoral harm with the U.S. textile industry, which has long sought more protection. This week the President also signed a textile agreement with China, restraining imports into the U.S.

A separate dispute between the U.S. and the EEC centres on the latter's decision this summer to levy provisional anti-dumping duties on categories of U.S. synthetic fibre exports to the EEC, pending final ruling from Brussels.

The U.S. contested the dumping allegation but urges U.S. producers such as Dupont and Monsanto to co-operate with the investigation to get their side of the case heard in Brussels.

Paul Cheeseright adds: In London the proclamation was regarded as another move in the war of nerves between the EEC and the U.S. over textiles and steel.

It was noted that no decision has been taken, in London or Brussels, on whether quotas should be extended after December 31.

The British Textile Confederation said U.S. retaliation against quotas protecting the UK would be unjustified.

"It would open the way to the trade war we all wish to avoid," said Mr. Ian MacArthur, director. The BTC has argued that lower U.S. oil prices give the U.S. textile industry unfair advantage.

Cabinet supports Howe's cautious approach to cutting interest rates

BY ELINOR GOODMAN AND PETER RIDDELL

THE DETERMINATION of Sir Geoffrey Howe, the Chancellor, to take a cautious view about an early cut in interest rates was yesterday endorsed in the morning by the Cabinet and reinforced in the afternoon by the expected poor set of money supply figures.

The Bank of England figures indicate that the underlying rate of monetary growth is still well above the official target range, while Government borrowing remains at a high level and there are no signs yet of any significant change in the underlying private sector demand for credit.

Sir Geoffrey, in his report to the Cabinet, apparently reassured his colleagues that the basic strategy was still on course. It was agreed that while an early cut in interest rates was desirable, this could only happen when it was justifiable in terms of the strategic aims.

This view was backed by the Cabinet in its first full session since the start of the Parliamentary recess.

The Cabinet did not discuss any specific measures to help industry. The meeting consisted mainly of progress reports from individual ministers on what had happened during the last six weeks.

The Bundesbank yesterday cut West Germany's Lombard rate from 9.5 to 9 per cent — the first West German key interest rate movement since last May. The discount rate has been left unchanged at 7.5 per cent. Page 2

Ministers have been anxious to dampen speculation about an imminent large cut in interest rates. A small reduction is still possible, though very far from certain, after the September banking figures are available early next month. Many Tory MPs will be disappointed if Minimum Lending Rate is still at its present 16 per cent when they return to Westminster at the end of October, especially in view of reports about the impact of the recession in their own constituencies.

Although the confidence of some ministers has been seriously shaken by recent financial figures, most still believe that it would be suicidal for the Government to change course now. But the evidence of industry's problems does suggest that when the Cabinet starts detailed discussions there will be considerable pressure for a generous package to help industry.

The latest monetary figures, as expected, show that sterling M3, the broadly defined money supply, rose by 2.9 per cent last month. A large part of this increase can be explained by distortions following the end of the corset controls on the banks in mid-June, notably the switching back of operations within the measured money supply.

But after making a generous allowance for these distortions, the underlying rate of growth of sterling M3 may still be about 15 to 16 per cent compared with an official target rate of increase of 7 to 11 per cent. Moreover, domestic credit expanded by £2.02bn last month.

These figures are officially seen as fully justifying the need for caution about MLR until a clearer picture emerges of both the distortions and the underlying trend.

The official hope is that both public sector borrowing and private sector demand for credit will decline in the second half of 1980-81.

After adjusting for the corset distortions and the three-monthly pattern of bank lending, the underlying growth in advances is reckoned to have been much as in recent months. Since mid-August, there have been reports of some easing in the demand for credit but at present there is official scepticism about this evidence.

The money supply figures had little impact yesterday on the gilt-edged market. There was, as expected, only limited interest in the new stock, 12 per cent Exchequer 1998, when the offer closed. All tenders from the public were allotted in full at the minimum price of £92.50 per cent.

Table, Page 7

Five currencies to make up SDR valuation basket

BY DAVID BUCHAN IN WASHINGTON

THE International Monetary Fund is to simplify the valuation of its reserve asset, the Special Drawing Right (SDR), by setting it in terms of five major currencies instead of the current "basket" of 16 currencies.

The change, announced in Washington yesterday, will take effect from January 1, 1981. The smaller basket for valuation is close to that already used in calculation of the asset's interest rate, and is composed of the currencies of the U.S., West Germany, Japan, France and Britain.

IMF officials said several reasons lay behind the decision to "unify and simplify" the currency baskets that determine the value and interest rate on the SDR now, instead of waiting until the review planned for 1983.

Private capital markets were increasingly using the SDR as a unit of account in financial operations, they said. A slimmed-down basket "in easily tradable currencies" would encourage this trend.

The changes would also make it easier for the IMF to borrow directly from private markets and to issue SDR denominated debt. The fund has not done so yet, but it may, following the rebuff of its attempt to borrow from Arab oil producing countries because of the dispute among IMF member states over the seating of the Palestine Liberation Organisation as an observer at this month's annual meeting.

The new formula for SDR valuation will give the U.S. dollar a 42 per cent weighting compared to 33 per cent at present. The D-mark also rises to a 19 per cent weighting (12.5 per cent), and the pound sterling, French franc and Japanese yen increase to 13 per cent each in the basket (from 7.5 per cent).

One SDR is currently worth $1.31. IMF officials said they had given the markets four months' notice of the valuation change to facilitate a smooth transition.

The interest rate basket stays at five currencies. But the officials said the current interest rate of 8.25 per cent on SDRs is likely to be increased to 8.5 per cent on October 1. Governments holding SDRs are paid 80 per cent of the full SDR interest rate.

The currency composition of the SDR's basket will be reviewed at five-year intervals beginning on January 1, 1986. Despite its poor performance in trade, Britain is likely to have sterling in the SDR basket for some time.

Until 1974, when the basket of 16 was created, the SDR was valued solely in terms of the U.S. dollar. There was one change in 1978, with the South African rand and the Dutch guilder dropping out and the Saudi Arabian and Iranian rials coming in.

Nicholas Colchester writes: British Government and Bank of England officials are waiting anxiously for today's outcome of U.S. efforts to prevent the PLO from going to Washington at the end of the month as an observer at the annual meetings of the IMF and the World Bank.

Britain has cast its vote against the inclusion of the PLO.

Either way it is resolved, the issue may reduce the IMF's access to funds. If the PLO goes to Washington the U.S. Congress could refuse to participate in the seventh general increase of IMF quotas—which determine how much a country will contribute to the IMF, how much it can borrow, and how much voting influence it has.

But if the PLO is excluded, Arab members of the Organisation of Petroleum Exporting Countries may not provide the supplementary financing which the IMF has been seeking from them. British Goverment officials concede that this could force the IMF to turn to the capital markets for funds.

Consett bid consortium 'optimistic'

By Alan Pike

REPRESENTATIVES OF the consortium seeking to take over British Steel's Consett, County Durham, spent an hour with *Mr. Ian MacGregor*, chairman of BSC, yesterday and left saying they were "very optimistic."

The consortium of 11 businesses wants to pay about £1.5m-£2m for the plant, which closed with 3,700 redundancies last week. Although most of the companies involved have not been named, representatives of two of them were at the meeting. They were Mr. David Beeley, joint managing director of Cronite, a private steel company, and Mr. John O'Keefe, managing director of the Chard Hennessy stockholders' group and the consortium's secretary.

They were accompanied by Mr. Keith Bill, representing the Iron and Steel Trades Confederation, which supports the attempt to revive the plant.

Mr. Bill said afterwards that BSC had approached the bid seriously and had made a number of suggestions on how the consortium might proceeds. The consortium would meet soon to discuss information provided by BSC.

Background, Page 6

THE LEX COLUMN

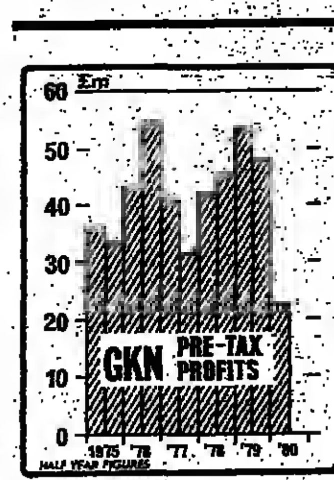
UK slump deepens for GKN

Britain's industrial slump yesterday claimed a notable victim in GKN's dividend rate. Not only is GKN's first half profits figure of £22.4m worse than expected—though a hefty fall from the comparable £53.5m was inevitable—but the group is earning no money at all in the UK. Moreover the short term prospect is that conditions will get worse rather than better, especially since the second half will bear most of the costs of a substantial redundancy and closure programme. The group can see no chance of any improvement in conditions until well into next year, and the bad news played a big part in the nine-point slump in a previously buoyant 30-Share Index between noon and the close yesterday. GKN's own share price tumbled 30p to 198p.

In contrast, GKN is performing quite well overseas, where trading profits improved from £23m to £28m in the first half. The continuing swing to front wheel drive cars in Europe is raising demand for constant velocity joints and this is offsetting any overall decline in car output. Thus in the current half the introduction of Ford's new Escort model should help maintain overseas profitability (though the new U.S. operation will not start to contribute until next year).

In the UK, however, the gloom is deep and GKN has been trimming its operations back hard. The second half will bear £9m of exceptional costs above the line, and another £20m below, and a UK loss seems inevitable. Overall pre-tax profits for the full year could be slashed from £101.4m to the order of £35m, and overseas tax will absorb most of this. With debt rising, GKN could not allow the dividend to become a sacred cow.

Index fell 3.1 to 497.7



Rowntree

Rowntree Mackintosh's interim trading results are more or less unchanged, but sharply higher depreciation and finance costs have knocked pre-tax profits back from £9.3m to £4.3m. The impact of these costs will be less noticeable in the current half, when for seasonal reasons the overall level of profits is much higher. But Rowntree seems more hesitant than Cadbury about the outlook for confectionery sales over Christmas. So its profits for the year could fall from £40.4m to anywhere between £30m and £35m pre-tax.

In the UK, the group has been spending heavily on fixed assets and brand development at a time when confectionery sales have been under heavy pressure. In continental Europe Rowntree's already narrow profit margin on its annual sales of around £150m have been wiped out altogether by the rise in sterling and fierce price competition, notably from Mars.

However, Rowntree can afford to maintain its ambitious expansion programme for some time yet. Gearing should be only marginally higher at the year-end, when debt could represent roughly 30 per cent of shareholders' funds. A maintained dividend could be roughly twice covered by current cost earnings, and there may even be room for a small increase. This year's interest charge may be over £15m, so falling money rates and commodity prices could bring a recovery in 1981. But that seems to be broadly discounted with the shares at 174p, where the yield is 6 per cent.

Delta Metal

Delta Metal's first half pre-tax profits are a mere £0.6m lower at £13.5m, thanks to a solid performance overseas and a good first quarter in the UK, with none of the strikes that bedevilled early 1979. Since April, though, there has been the familiar violent drop in demand, especially in the building products division, where sales of some lines are 40 per cent below last year's levels.

The group feels that customer destocking is largely over, but final demand seems to have stabilised at a very low level. In the meantime, like IMI, Delta is exporting heavily (on very low margins) just to keep its plant operating at reasonable capacity.

With some help from the lower copper price, net borrowings have been held somewhere near the £84m shown in the last balance sheet, and the capital spending programme is being pruned. Delta's first half current cost profit before tax has been halved to £4.7m, and there is a loss after tax, which might influence the final dividend decision if there is no general upturn in demand by the year end. On the basis of an unchanged 6p total dividend the yield on the shares at 58½p, up 3½p yesterday, is just over 15 per cent.

UDS

Not only manufacturing companies are seeing their profits vanish—UDS has come out with just £2.1m pre-tax for the six months to July (rather less than the interest saving on last summer's rights issue) compared with £10m in the first half of 1979-80, a figure which seemed slightly disappointing at the time. Much of the trouble has been at the John Myers mail order business, which has lost over £3m, and is now to be sold to GUS, but there is also a sharp fall in the multiple stores' earnings. The UDS star, Richard Shops, has done no more than break even at the trading level.

It may be that trading can only get better in the seasonally much more important second half, and the Myers losses will soon be off UDS's back. But the interim dividend may only have been maintained because shareholders have put up cash so recently. The yield at 68p is 13½ per cent.

The full money supply figures for banking August show sterling M3 up by 2.9 per cent, a whisker below the preliminary indication. Sales of debt to the non-bank private sector were very high, at £1.2bn — and a good thing too, considering that the central Government's borrowing needs touched a seasonally adjusted record of £2.05bn. The Bank of England does not seem to be convinced that the underlying level of bank lending to the private sector has fallen.

But the gilt-edged market has largely given these figures up as a bad job, and is far more interested in the Treasury's optimistic views on future public borrowing. It also quite likes to see the big stick taken to local authorities, which seem to be getting much the same treatment as the nationalised industries—a straight cut in subsidies. The result, once again, will be higher indirect taxes; rates this time rather than telephone charges.

Australia closer to peace with EEC

BY LARRY KLINGER IN BRUSSELS

MR. DOUGLAS ANTHONY, the Australian Deputy Prime Minister, made clear yesterday that Australia's threat to divert trade away from Europe would only be lifted if the EEC implemented the compromise agriculture proposals hammered out in Brussels during the past few days.

However, Mr. Anthony, after four days of talks with leading European Commission officials, said a "satisfactory understanding" on the major issues had been reached and that he would recommend his government to take "immediate decisions" in Europe's favour.

These were understood to include the go-ahead for the European Airbuses ordered by Australia. The Airbus deal was among projects worth up to A$1bn (£490m) that the Australian Government was threatening to divert.

But he also said that he would recommend his Government to "hold its hands" over other projects, pending the outcome of EEC Council of Ministers' meeting this month and next.

Mr. Anthony said he had reached understandings with the commission on the three main issues.

Beef: A compromise had been reached on the implementation of what Australia sees as its negotiated quota of exports to the EEC of frozen beef for processing.

Sugar: The commission, he said, had agreed to continue to seek a mandate to negotiate EEC entry into the International Sugar Agreement.

Lamb and mutton: A compromise was reached for access of Australian meat under the EEC's proposed sheepmeat regime, and a form of words was to be agreed to protect Australia against possible undercutting by subsidised EEC exports.

Iraq strengthens its hold on waterway

BY OUR FOREIGN STAFF

IRAQ CLAIMED yesterday to have shot down an Iranian jet fighter and repulsed armoured and artillery attacks in what appears to be a further intensification of the border dispute between the two major oil-producing nations.

A military spokesman in Baghdad said Iranian tanks had launched attacks in the Maysan region but had been driven back. Iraq denied earlier Iranian claims that an ammunition supply train had been blown up.

The regime in Tehran has yet to react at Government level to Tuesday's announcement by Iraq that it was seizing control of the vital Shatt al-Arab waterway in defiance of the 1975 border agreement, but officials described the move as "an act of war."

Iraq, through its news agency INA, also claimed that one of its oil tankers had been fired on in the Shatt al-Arab estuary. Iraqi forces had returned the fire.

All ships sailing through Shatt al-Arab would have in future to fly the Iraqi flag and follow instructions from the Iraqi authorities, it said. INA also quoted the foreign ministry in Baghdad as saying that all ships using the waterway would have to pay dues in return for navigational services and the use of pilots.

The estuary, close to the main oil-producing areas, is flanked by large port installations and refineries. Iraq's oil production is running at about 3.7m barrels a day and Iran's at 1.7m.

Tehran radio said yesterday that "Iraqi Moslem fighters" had blown up the ammunition train—reflecting attempts by the Iranian Shia religious leadership to incite the 50 per cent Shia population of Iraq.

OPEC policy, Page 22

Weather

UK TODAY

Most areas will have some rain at times but Eastern England may stay mostly dry.

London, S.E. and E. England
Mostly dry, bright periods. Max. 18C (64F).

S. England, Midlands, N., N.W. and N.E. England, Channel Is.
Mainly cloudy, rain at times. Max. 18C (64F).

S.W. England, Wales
Rather cloudy, showers, some heavy. Sunny intervals developing. Max. 17C (63F).

S.W., N.W. Scotland, N. Ireland
Occasional showers, some heavy. Bright intervals. Max. 15C (59F).

Borders, Highlands, N.E. Scotland
Cloudy, outbreaks of rain, becoming brighter. Max. 15C (59F).

Outlook: Sunny intervals and showers, with perhaps some longer outbreaks of rain in S.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	24	75	Lisbon	S	23	73
Algiers	S	27	81	Locarno	C	22	72
Amsdm	F	18	64	London	R	16	61
Athens	S	26	79	Luxmbg.	F	18	64
Bahrain	S	34	93	Luxor	S	38	100
Barclna.	S	26	79	Madrid	F	26	78
Beirut	S	28	82	Majorca	S	27	81
Belfast	C	14	57	Malaga	S	26	79
Belgrd.	S	23	73	Malta	S	26	79
Berlin	F	18	64	Mchstr.	C	17	63
Biarritz	S	31	88	Melbne.	F	15	59
Blackp'l	C	16	61	Milan	C	23	73
Bmghm.	C	16	61	M'ntreal	C	8	46
Bordx.	F	29	84	Moscow	C	19	66
Boulgn.	C	19	66	Munich	F	20	68
Bristol	C	17	63	Nairobi	S	28	82
Brussels	F	20	68	Naples	S	25	77
Budpst.	C	20	68	Nwcstl.	C	14	57
Cairo	S	31	88	N. York	C	19	66
Cardiff	C	17	63	Nice	C	23	73
Casbca.	F	26	79	Oporto	F	20	68
Cape T.	S	17	63	Oslo	S	18	64
Cologne	F	19	66	Paris	C	21	70
Cpnhgn.	F	17	63	Perth	C	15	59
Corfu	F	27	81	Prague	C	18	64
Dublin	R	15	59	Reykjvk.	S	10	50
Dbrvnk.	S	24	75	Rhodes	S	27	81
Ednbgh.	C	13	55	Rome	S	26	79
Faro	S	27	81	Salzb'g	C	22	72
Florence	S	26	79	Singapr.	R	27	81
Frankf't	F	24	75	Stckhm	R	13	55
Geneva	F	21	70	Strasb'g	F	22	72
Gibrltr.	F	26	79	Sydney	S	18	64
Glasgow	C	13	55	Tangier	S	30	86
G'rnsey	C	16	61	Tel Aviv	S	26	79
Helsinki	C	13	55	Tenerife	F	22	72
H. Kong	S	31	88	Tokyo	C	25	77
Innsbrk	F	22	72	Tunis	S	28	82
Invrnss.	R	12	54	Valencia	F	27	81
I.o.Man	R	15	59	Venice	C	20	68
Istanbul	S	22	72	Vienna	C	18	64
Jersey	C	17	63	Warsaw	F	15	57
Jo'burg	S	25	77	Zurich	F	20	68
L. Plms.	F	26	79				

C—Cloudy. F—Fair. R—Rain. S—Sunny.

Local authorities

Continued from Page 1

the Government's economic policies.

Mr. Michael Heseltine, Environment Secretary, has been under pressure from Mrs. Thatcher and the Treasury to take tough action in time for next month's Party conference, where rates will again be one of the main subjects of protest from the rank and file.

As an alternative to yesterday's measures a moratorium on capital projects was considered. Mr. Heseltine said this idea had the disadvantage of not reducing revenue expenditure, where most of the overspending was incurred. In addition he had been convinced by the construction industry's protests about the effect of a moratorium in capital projects.

Mr. Heseltine admitted yesterday that his decision introduced some unfair inconsistencies. "But the powers available to me are limited and I cannot help it. This is the best we can do until we have the powers we need next year which are in the Local Government Bill now before Parliament."

Local authorities which have met all the Government's targets, cut their expenditure and manpower and improved their efficiency will suffer just as much as the worst offenders if the £200m is withdrawn.

Another inconsistency, he acknowledged, was that the authorities penalised were not all overspenders on the Government's new assessments of what they should be spending.

Newcastle, for example, has the highest rate outside London and is to be penalised. But on the assessments for the new block grant system to be introduced in 1981-82 Newcastle's spending level is almost on target.

Eight authorities which would have been penalised for spending too much have been reprieved because they have made special efforts to cut their budgets. They are Southwark, Haringey, Swansea, Newham, Manchester, Doncaster, Wandsworth and Merthyr Tydfil. All except Wandsworth are Labour.

Continued from Page 1

BR

urgently needed maintenance work on railway stock and track, and cuts in services.

The extra £40m BR is now allowed to borrow comes from the Government's contingency reserve, a fund which stood at £1.3bn in March, and was within the planned level of Government spending.

Sir Peter Parker, chairman of the British Railways Board, said last night the Government action was a realistic reaction to the effects of the recession.

"It gives us a more businesslike flexibility which we have been asking for," he said. "There is much we are doing to help ourselves and much we still need to do and the unions know it."

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.